CAFR 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2016

MURIEL BOWSER
MAYOR

January 25, 2017

Dear Residents of the District of Columbia,

I am pleased to present the District of Columbia's (District's) Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR). For the twentieth consecutive year, the audit opinion is unqualified (unmodified), and for the second year in a row the auditor found no significant deficiencies or material weaknesses. The District's finances continue to be amongst the strongest of any jurisdiction in the nation, and this has allowed us in Fiscal Year 2017 to continue creating pathways to the middle class by increasing funding to public education, homeless services, affordable housing, and public safety. We have made these strategic investments while continuing to ensure the city's long-term financial stability and viability.

The District also continues to make significant investments in our neighborhoods and in development projects that enhance the overall quality of life of our residents and those that do business within our borders. Our population continues to grow at a record pace because of the public and private investments that are being made across the city. Washington, DC continues to be a great place to live and work. My administration works every day to ensure that our growing prosperity provides opportunities to succeed for all residents in all neighborhoods.

With your support, we will continue working to lift communities in every ward to build a more prosperous, equitable, and sustainable District of Columbia.

Sincerely,

Muriel Bowser
Mayor

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Jeffrey S. DeWitt
Chief Financial Officer

January 25, 2017

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mayor Bowser:

It is my pleasure to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2016. Consistent with District law (D.C. Code §47-119), the city's FY 2016 financial statements have been examined by a team of independent accountants. I am happy to report that the independent accountants, SB & Company, LLC, issued an unmodified (clean) opinion on the District's FY 2016 financial statements. A clean opinion indicates that, as a result of their examination, the independent accountants found no material misstatements in the financial statements. An unmodified (or clean) audit opinion gives the Mayor, Council, District residents and other stakeholders assurance that the financial statements are accurate, reliable, and prepared in accordance with required standards. This marks the 20th consecutive year in which the District has received an unmodified (clean) opinion as a result of its annual financial audit.

As the CAFR for the year ended September 30, 2016 demonstrates, the District's financial position and economic condition remained strong during FY 2016. Job growth continued to be on the rise as the population and number of households within the District grew. In addition, during FY 2016, the District's unemployment rate decreased from 7.2% (revised seasonally adjusted) to 6.1%.

Due to the District's strong financial position, the city was able to further fortify its financial reserves. As of September 30, 2016, the District's federally and locally mandated reserves (the District's liquidity funds) increased by $180.3 million, an increase from 49 days of operating cash to 56.2 days, slightly below our target of 60 days. In addition, due to the District's demonstrated ability to sustain financial strength and stability, the District's bond ratings also remained strong in FY 2016. The FY 2016 ratings were as follows: *General Obligation (GO) Bonds*: Fitch Ratings, AA; Moody's Investors Service, Aa1; and Standard and Poor's, AA and *Income Tax Secured (ITS) Revenue Bonds*: Fitch Ratings, AA+; Moody's Investors Service, Aa1; and Standard and Poor's, AAA.

Having strong bond ratings allowed the District to access the credit markets and issue $431.8 million in GO Bonds and $95.6 million in ITS Revenue Bonds at very low interest rates in FY 2016. As a result, more funding was available for needed programs and services for District residents. The proceeds of these bonds were used to finance economic development initiatives, infrastructure improvements, and other capital projects.

Due to the District's sound financial management practices and sustained financial strength, in FY 2016, the city was also able to rely less heavily on short-term financing for seasonal operating needs. During

FY 2016, the District issued $250 million in Tax Revenue Anticipation Notes (TRANs), which was a reduction of $150 million from FY 2015 and significantly less than amounts issued in FY 2013 ($675 million) and FY 2014 ($405 million). Because the District is positioned extremely well financially, the city was able to build reserves to fund seasonal cash flow needs for FY 2017 without issuing TRANs, eliminating the costs associated with short-term borrowing.

The ability to maintain a "healthy financial outlook" will require that the District continue to utilize sound and proven financial management practices. The OCFO will continue to focus its efforts on achieving balanced budgets and clean audit opinions each year and maintaining the District's ability to access quality credit markets. In addition, we are committed to improving our financial operations by: improving the quality of service provided to residents and other stakeholders; improving the transparency and quality of financial information produced by the OCFO; effectively managing risk to prevent fraud; implementing quality financial systems; developing, recruiting, and retaining highly qualified employees; and managing fair and equitable systems and processes for collecting District revenues.

As the District's Chief Financial Officer, I would like to recognize the efforts of the city's elected officials and their staffs. Without their leadership, dedication and commitment, the District would not have achieved its current level of financial success. I also want to express my sincere gratitude to the financial staff working in the agencies, the central OCFO offices, as well as others across the city who have supported our efforts to successfully manage and account for the District's financial resources during the past year. Working together, collaboratively, we were able to operate within established budgetary constraints and issue the District's FY 2016 CAFR on time with a clean audit opinion. Congratulations to all and thank you for a job well done.

Sincerely,

Jeffrey S. DeWitt
Chief Financial Officer

GOVERNMENT OF THE DISTRICT OF COLUMBIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2016

Muriel Bowser

Mayor

Jeffrey S. DeWitt

Chief Financial Officer

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2016

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2016

Government of the District of Columbia

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January 25, 2017

Mr. Jeffrey S. DeWitt
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2016, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with District management and the Office of the Chief Financial Officer (OCFO). To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

This report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the District's financial activities.

The ability to produce a timely and accurate CAFR depends upon the adequacy of the District's internal controls. Internal control is defined as a process, effected by an entity's governing board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) efficiency and effectiveness of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations. Reasonable assurance is defined as a high, but not absolute, level of assurance about whether the financial statements are free of material misstatement. The District's management is responsible for establishing and maintaining adequate internal controls. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive—that is, broad enough to achieve its intended purpose.

Due to certain inherent limitations, such as prohibitive costs, judgment errors, or potential for management override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine periodic audits help management assess, on an on-going basis, the adequacy of the District's internal controls.

In accordance with D.C. Code § 47-119, independent public accountants audited the District's financial statements for the year ended September 30, 2016. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent public accountants, SB & Company, LLC, prepared a report, which was issued in conjunction with the CAFR, that discussed the independent public accountants' consideration of the District's internal control over financial reporting and the outcome of the auditor's tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements. This report is commonly referred to as the Yellow Book Report.

Moreover, an audit of compliance with the Federal Single Audit Act Amendments of 1996 and the United States Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which superseded OMB Circular A-133 and other related guidances, is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by independent public accountants. The District's fiscal year 2016 Single Audit Report will be issued at a later date.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and, therefore, does not discuss the District's financial operations and results, which are fully discussed in the MD&A. For that reason, this letter should be read in conjunction with the MD&A in order to gain a better understanding of the District's financial condition.

PROFILE OF THE GOVERNMENT

Overview: Historical Background of the District

President George Washington established Washington, D.C. (herein after referred to as D.C., the District of Columbia, or the District) in 1791 from territory ceded by the State of Maryland and the Commonwealth of Virginia. The United States Congress assumed jurisdiction over the District of Columbia, but citizens residing in the District of Columbia did not have voting representation in Congress.

Significant dates in the history of the District of Columbia are presented in the timeline shown in **Table T1**.

Table T1 – Timeline: Key Dates in the History of the District of Columbia

February 1801	Congress enacted the Organic Act of 1801, thereby dividing the capital district into Washington County (former Maryland area) and Alexandria County (former Virginia area).
1846	Congress passed a law allowing the City of Alexandria and Alexandria County to be returned to the Commonwealth of Virginia.
1871	Congress consolidated Georgetown, Washington City, and Washington County into one territorial government. The President appointed a territorial governor and council and an elected House of Delegates. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 13-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council if both houses of Congress vote within 30 legislative days to do so. In addition, the local funds budget is reviewed and passively approved by Congress, and the federal funds budget must be approved by Congress and the President of the United States.

The Home Rule Act prohibits the taxing of federal property and the income of non-District residents who work in the District.

In 1983, it was determined that the District could legally issue its own debt. On October 15, 1984, the District issued municipal debt for the first time, in the form of Tax Revenue Anticipation Notes (TRANs), which totaled $150 million.

Although progress has been made on many fronts throughout the city's history, District of Columbia residents still do not have voting representation in Congress. However, in accordance with the District of Columbia Delegate Act of 1970, U.S. Public Law 91-405, the citizens of the District of Columbia are represented in the House of Representatives by a Delegate, who is elected by the voters of the District of Columbia. Consistent with the Act:

> *The Delegate shall have a seat in the House of Representatives, with the right of debate, but not of voting, shall have all the privileges granted a Representative by § 6 of Article I of the Constitution, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress*.

The current D.C. Delegate, Congresswoman Eleanor Holmes Norton, has no voting power. However, despite her voting limitations, she has been able to accomplish much on behalf of the District of Columbia. Some of her recent accomplishments include the following:

- Introduced the Flood Prevention Act of 2016 to amend the Coastal Zone Management Act of 1972 (CZMA) in order to include the District of Columbia in the definition of a coastal state and to allow the District to receive Federal funding under such Act, and for other purposes. The CZMA was passed in 1972 before the District achieved home rule and therefore, was excluded from the coastal state(s) which is comprised of the states and the U.S. territories. The CZMA provides planning and technical services to assist states in protecting, restoring, and developing coastal communities and resources. Once the federal government approves a state's coastal management plan, the state becomes eligible for grants. Even though the District has substantial coastal flood risks and is under threat from rising sea levels, the District is omitted from the list of eligible states and territories in the CZMA. The Flood Prevention Act of 2016 intends to make the District eligible to receive federal funding and give the District oversight for federally issued permits/facilities/and actions that affect the coastal waters of the District.
- Introduced two bills that were subsequently passed by the House of Representatives to improve the District of Columbia's local justice system. One bill enhances financial disclosure requirements for local D.C. judges, making them similar to

the disclosure requirements already in place for federal judges, and makes other improvements to the D.C. courts. This bill includes four provisions: authorizes the use of magistrate judges to serve in the Probate Division; grants the D.C. courts authority to accept credit cards, other forms of electronic funds transfer, and checks; increases the jurisdictional amount of the Small Claims and Conciliation Branch of the D.C. Superior Court from $5,000 to $10,000; and allows chief judges of the Superior Court and the Court of Appeals to delegate authority to approve certain vouchers. Congresswoman Norton's other bill provides the D.C. courts and the Public Defender Service for the District of Columbia (PDS) with the same authority that federal courts and federal agencies have to offer voluntary separation incentive payments, or buyouts, to their employees. Having the ability to offer buyouts will allow the D.C. Courts and PDS to respond to their future administrative and budget needs, and will provide certain flexibility to extend buyout offers to their employees. The fiscal year 2016 omnibus bill gave D.C. courts buyout authority; however, Congresswoman Norton's bill will make this authorization permanent, and extends it to PDS in addition to the courts.

- Requested that the National Park Service (NPS) consider creating an online portal to provide District of Columbia residents with regularly updated information on neighborhood parks owned and operated by the NPS in the District, including answers to frequently-asked maintenance questions and contact information for representatives responsible for the parks. In her request, Congresswoman Norton raised the concern that residents struggle to connect directly with NPS representatives to submit maintenance requests or to find contact information for the superintendent responsible for their neighborhood park. To alleviate such issues, she emphasized that the proposed portal should, ideally, include: centralized and easy-to-navigate information about all of the parks owned and operated by the NPS in the District; a comprehensive Frequently Asked Questions (FAQ) section that is specific to the District residents' concerns; and contact information for appropriate staff at the NPS to whom District residents can speak or a more detailed email form that allows residents to select the park and issue they are having from a drop down menu.
- Introduced an amendment that was included in the Surface Transportation Reauthorization and Reform Act of 2015 (STRR) to implement direct federal safety oversight of the Washington Metropolitan Area Transportation Authority (WMATA) Metrorail system. In addition, the bill includes other important priorities which affect the District of Columbia, such as: increased safety for bus and rail systems; funding for workforce development; small-business contract opportunities for minorities and women; new pilot funding projects for the rapidly deteriorating Highway Trust Fund; increased funding for National Park Service (NPS) roads to help rebuild Arlington Memorial Bridge; protections for bus and rail operators from assault; and increased restroom breaks for bus and transit operators.

For more information on the initiatives, activities and accomplishments of the D.C. Delegate, visit Congresswoman Eleanor Holmes Norton's website at www.norton.house.gov.

Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) five discretely presented component units: Health Benefit Exchange Authority, Housing Finance Agency, Not-For-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of Columbia, and Washington Convention and Sports Authority (t/a Events DC) and; (3) one blended component unit, the Tobacco Settlement Financing Corporation. The District of Columbia Housing Authority and the District of Columbia Water and Sewer Authority are considered related organizations because the District is not financially accountable for their operations. The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or the component units have been included in the reporting entity. Further information on the reporting entity can be found in Note 1B, page 60 of the Notes to the Basic Financial Statements.

The District and its component units provide a wide range of services to residents, including elementary, secondary, and postsecondary education; human support and welfare services; public safety and protection; fire and emergency medical services; and other general government services.

Budgetary Information

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. On or about March 30th of each year, consistent with Section 442 of the Home Rule Act, the Mayor submits a balanced operating budget for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the budget (including a multi-year capital improvement plan, by project, for all District agencies) through passage of a Local Budget Act and a Federal Portion Budget Request Act. The Mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the Mayor approves the adopted budget, the Federal Portion Budget Request Act is forwarded to the President of the United States (the President) and then to Congress for approval. The Local Budget Act is forwarded by the Chairman of the Council to

Congress. Congress enacts the federal portion of the District's budget through passage of an appropriations bill, which is signed into law by the President. The Local Budget Act becomes law upon expiration of a 30 day Congressional review period.

The legally adopted budget is the Federal Portion Budget Request that is approved as part of the annual Appropriations Act passed by Congress and signed by the President, and the Local Budget Act that has been passively approved by Congress. The Local Budget Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public Education. To revise planned expenditures of local funds for any function, the Council must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process in accordance with applicable legal requirements.

In April, 2013, the Local Budget Autonomy Amendment Act of 2012 was approved by District voters. As approved, this Act would grant the District the right to enact and appropriate its local funds budget without the need for active approval by the United States Congress. The legal validity of this Act was then challenged in the U.S. District Court for the District of Columbia ("District Court"), which concluded that this Act was unlawful and permanently enjoined its enforcement. On appeal, the U.S. Court of Appeals for the District of Columbia, without ruling on the merits of this Act, issued a summary order vacating the District Court's judgment and ordering the District Court to remand the case to the District of Columbia Superior Court ("Superior Court"). Subsequently, the case was remanded to the Superior Court where it ratified the legality of the Local Budget Autonomy Act. No appeal was made in that case.

The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the annual Appropriations Act. The District's automated and manual transaction level controls and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the District's accounting system of record, thereby establishing the budget authority for each entity within the District government. The budget authority established in the system of record is then reconciled to the levels of funding authorized by the Appropriations Act. In addition, on an annual basis, independent public accountants audit the budgetary comparison statement to ensure compliance with federally approved amounts and to determine whether budget adjustments are properly documented and approved.

The *"District Anti-Deficiency Act of 2002,"* which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires District managers to develop spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5.00% or $1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's Chief Financial Officer (CFO) no later than 30 days after the end of each month.

Other reporting requirements have also been established to enhance the District's budgetary control policies and practices. Consistent with D.C. Code § 47-355.04, agency heads and Agency Fiscal Officers are to submit jointly a monthly spending plan for the fiscal year to the District's CFO by October 1st of each fiscal year. In addition, pursuant to D.C. Code § 47-355.05, the District's CFO is to submit quarterly reports to the Council and the Mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the Board of Review for Anti-Deficiency Violations to assess cases of overspending.

In addition, the District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system of record in order to reserve the portion of the related appropriation that will be needed for the expenditure. Therefore, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within budgeted amounts. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Fund or the Special Revenue Funds.

Fund Balance Reserves:

Congressionally Mandated

Through Congressional mandate established by D.C. Code § 1-204.50a, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund Local expenditures less debt service cost. The 6.00% is comprised of a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%. The contingency cash reserve may be used to provide for nonrecurring or unforeseen needs (e.g., severe weather or other natural disasters, and unexpected obligations created by federal law) that arise during the fiscal year or to cover revenue shortfalls experienced by the District for three consecutive months that are 5.00% or more below the budget forecast. The emergency cash reserve may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature (e.g., natural disaster or calamity) and may be used in the event that the Mayor declares a State of

Emergency in the District.

Mandated by the District

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established. Pursuant to D.C. Code § 47–392.02(j-1), as amended, the fiscal stabilization reserve account may be used by the Chief Financial Officer to cover cash flow needs; provided, that any amounts used shall be replenished to the fiscal stabilization reserve account in the same fiscal year. At full funding, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for each fiscal year.

Cash Flow Reserve

The cash flow reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, this reserve must be replenished in the same fiscal year the amounts were used. At full funding, the cash flow reserve must equal 8.33% of the General Fund operating budget for the current fiscal year.

District Accounting and Financial System

Accounting System

The District's accounting system is organized and maintained on a fund basis. A fund is a separate, distinct accounting entity that has its own assets, liabilities, equity, revenues, and expenditures/ expenses. The District uses U.S. generally accepted accounting principles (GAAP) when determining the types of funds to be established and is guided by the "minimum number of funds principle" and sound financial management practices when determining the number of funds within each fund type.

Measurement Focus and Basis of Accounting

The District's financial statements are prepared in accordance with GAAP. Accordingly, the measurement focus and basis of accounting applied in the preparation of government-wide financial statements and fund financial statements are as follows:

- The government - wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting.
- Fund financial statements focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting.
- Specialized accounting and reporting principles and practices apply to governmental funds. Proprietary funds, pension and OPEB trust funds are accounted for in the same manner as business enterprises.
- The budgetary basis of accounting is used to prepare the Budgetary Comparison Statement presented in Exhibit 2-d found on page 49. This basis of accounting differs from the GAAP basis as described below:
  - ***Basis Differences*** – The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.
  - ***Entity Differences*** – This basis relates to inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis for reporting purposes. Such activities primarily include the following:
    i. Fund balance released from restrictions
    ii. Proceeds from debt restructuring
    iii. Accounts receivable allowance
    iv. Operating surplus from enterprise funds
  - ***Perspective Differences*** – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences that limit its ability to present budgetary comparisons of its general fund. The District's Budgetary Comparison Statement is presented as part of the basic financial statements in Exhibit 2-d on page 49.
  - ***Timing Differences*** – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

Transparency in Financial Reporting

The OCFO continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the comprehensive annual financial report, and the popular annual financial report. In addition, the OCFO's website provides information that allows taxpayers to review and assess the District's financial status, programs,

activities and services, and determine how their tax dollars are being used. This information includes: operating financial status reports; capital financial status reports; quarterly revenue estimates; monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, Unclaimed Property Division, and Invest in DC Bonds. The investor information portion of the OCFO website (www.cfo.dc.gov) consolidates much of the information listed above, as well as other financial information pertinent to investors in the District's bonds and members of the public.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year (FY) 2016, employment within the District continued to increase with two thirds of the additional jobs in the private sector and one third in government (both federal and local). Resident employment also increased. Population growth continues to be a major factor in increasing the District's income, property, and sales tax bases, and is one of the driving forces behind rising home values. In the last five years (between 2011 and 2016), the District's population has grown by almost 61,000 residents, an increase that has averaged about 1,000 residents per month over that period of time. The District's private sector has grown along with sustained growth in the national economy. This has contributed to the growth in the District's tax base.

Federal civilian employment accounts for 26% of all wage and salary jobs located in the District and 32% of the amount of wages and salaries that are generated in the city. Approximately 25% of employed District residents work for the federal government. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

For FY 2016 Congress waived some of the limits in approving appropriation bills that otherwise would have been subject to reduction, known as sequestration, from the previously expected level of federal spending. These sequestration limits are scheduled to return in FY 2018 and continue through FY 2023 unless Congress once again lifts these limits, but the most feasible approach for reducing federal debt remains an unresolved issue.

Federal government expansion cushioned the District and metropolitan area economies from the worst effects of the severe national recession that lasted from 2007 to 2009. The federal government will no doubt continue to anchor the District's economy, but given the ongoing federal fiscal policy uncertainties, the federal government can no longer be counted on to be a source of significant growth.

Highlights: The District's Economy

Highlights of recent trends in the District's economy, including rising job growth, increases in population and a strong housing market, are presented below:

- In the three months ended September 2016, there were 12,333 (1.60%) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 4,567 (1.89%) more federal government jobs in September than there were a year earlier, while the private sector jobs increased by 7,767 (1.50%).
- District resident employment in the three months ended September 2016 was 3,940 (1.10%) more than a year earlier.
- The September unemployment rate was 6.10% (seasonally adjusted), a decrease from 6.70% a year ago.
- Wages earned in the District of Columbia grew 5.30% in the quarter ending September 30, 2016, compared to the same quarter a year ago. D.C. personal income was 4.50% higher on September 30, 2016 compared to the same time one year ago.
- Home sales and prices increased in both single family homes and condominiums. Single family sales for the three-month period ended September 2016 were up 8.60% from a year ago, and there was a 2.20% increase in the average selling price. Condominium sales were down 0.50%, and the average price was 3.50% higher. The value of all home sale settled contracts for the three-month period ended September 2016 was 8.00% more than a year ago.
- Commercial office effective rents edged up over the past year. Leased space in September 2016 was down 0.60% from a year ago, while the vacancy rate (including sublets) rose over the past year from 11.40% to 12.70%.
- Hotel room-days sold for the three months ended September 2016 were up 3.20% from the prior year, and hotel room revenues were up by 8.60%.

Key Factors in the District's Economy

Population

The U.S. Census Bureau estimated that there were 681,170 residents in the District of Columbia, as of July 1, 2016. This represents an increase of 10,793, or 1.61%, from the revised July 1, 2015 estimate of 670,377. Annual census estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move in and out of the District each year. **Chart T1** presents the District's population trends for calendar years 2012 through 2016.

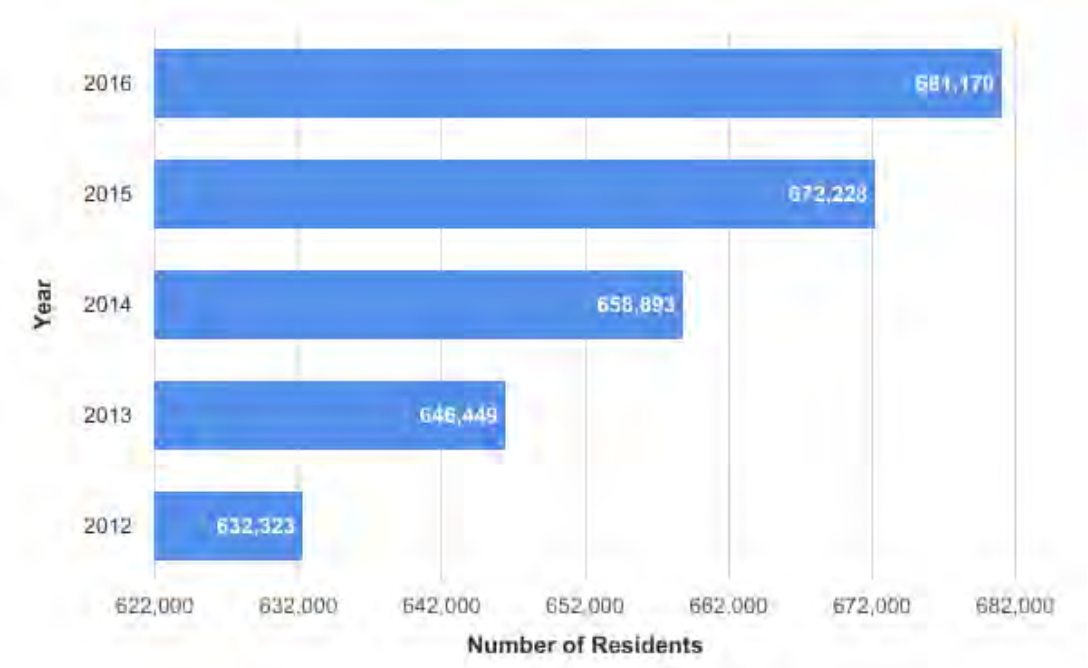
Income Trends

Income has grown considerably in the District in recent years. From the third quarter of 2011 to the third quarter of 2016, personal income grew approximately 25.80% in the District as compared to 20.90% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger portions of District residents being in the higher and lower income brackets and a significantly smaller portion being within the middle income levels. Median household income data is not yet available for 2016; however, for 2015 the District's median household income of $75,628 was 35.59% above the U.S. average. The Census Bureau estimates that 17.30% of the District's population was below the poverty line in 2015 as compared to 13.50% for all of the U.S.

Chart T1 – Population Trends (2012 - 2016)

District of Columbia Population (As of July 1 of Each Year)
Original Annual Estimates (Unadjusted)



Source: U.S. Census Bureau

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,257,000 at the end of fiscal year 2016 from the revised 3,180,900 for fiscal year 2015, representing a 2.39% increase. These numbers exclude the self-employed, domestic workers, military and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2015 employment numbers may differ from those presented in the fiscal year 2015 CAFR because of updates and revisions. **Table T2** presents 2016 labor market data for the District and the metropolitan region.

In September 2016, total wage and salary employment within the District reached 23.96% of the metropolitan area's total wage and salary employment. The seasonally adjusted September 2016 unemployment rate in the District was 6.10%, compared to the September 2015 revised seasonally adjusted rate of 7.20%.

Total employment within the District increased to 780,400 as of September 2016 from the revised 766,600 as of September 2015. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2016 federal workforce in the Washington metropolitan area was 369,800; with approximately 201,800 federal employees located in Washington, D.C. and 168,000 additional federal employees who worked elsewhere in the Washington metropolitan area.

Minimum Wage Rate

Historically, District law has required that the minimum wage rate for District employees be at least $1.00 per hour more than the Federal minimum wage. Beginning on July 24, 2009, the Federal minimum wage rate was increased to $7.25 per hour and has not been revised since that time. Therefore, effective July 24, 2009, the District's minimum wage rate increased to $8.25 per hour.

In December 2013, the Council approved a measure to raise the District's minimum wage limit to $11.50 per hour over three years as follows: $9.50 per hour, effective July 1, 2014; $10.50 per hour, effective July 1, 2015; and $11.50 per hour, effective July 1, 2016. In January 2014, the Mayor signed the associated bill into law. Consequently, beginning in July 2016, the District's minimum wage limit increased to $11.50 per hour. In June 2016, D.C. Mayor Muriel Bowser signed the Fair Shot Minimum Wage Amendment Act of 2016. This legislation will progressively increase the hourly minimum wage to $15 for District workers by 2020.

Living Wage Rate

Pursuant to D.C. Law 16 -118, the Living Wage Act of 2006 became effective June 9, 2006. This Act provides that District of Columbia government contractors and recipients of government assistance (grants, loans, tax increment financing) in the amount of $100,000 or more shall pay affiliated employees no less than the current living wage rate. Effective January 1, 2016, the District living wage rate is $13.85 per hour. This rate increases annually in proportion to the annual average increase in the Consumer Price Index for all Urban Consumers in the Washington Metropolitan Statistical Area for the preceding 12 months.

Table T2 - 2016 Labor Market Data for the District and Surrounding Metropolitan Area

Labor Market (000s): FY 2016

	District of Columbia			Metropolitan Area		
Item	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	364.3	2.8	0.8	3,166.5	38.4	1.2
Labor force	389.7	1.9	0.5	3,293.4	24.3	0.7
Total wage and salary employment	780.4	13.8	1.8	3,257.0	76.1	2.4
Federal government	201.8	3.7	1.9	369.8	4.9	1.3
Local government	40.5	1.4	3.6	332.7	4.1	1.2
Leisure & hospitality	75.6	2.3	3.1	323.9	9.5	3.0
Trade	28.6	1.1	4.0	348.0	8.0	2.4
Education and health	129.1	1.1	0.9	428.1	14.1	3.4
Prof., bus., and other services	236.4	3.8	1.6	948.1	29.0	3.2
Other private	68.4	0.4	0.6	506.4	6.5	1.3
Unemployed	25.4	(0.9)	(3.5)	126.9	(14.1)	(10.0)
New Unemployment Claims	1.2	(0.1)	(9.6)	(a)	(a)	(a)

Sources: U.S. Bureau of Labor Statistics (BLS) & D.C. Dept. of Employment Services (DOES)

All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

(a) Unemployment claims for metropolitan area not available

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2015, approximately 19.3 million domestic visitors and 2 million international visitors traveled to the District. During calendar year 2015, the District was the eighth most visited destination in the U.S. for international travelers. **Chart T2** presents the trends in tourism for calendar years 2011 through 2015. Tourism data for calendar year 2016 is not yet available.

Visitor spending, which totaled approximately $7.10 billion in 2015, generated additional business activity in related industries (e.g., hotel, restaurant, and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2015 (by category) was as follows: $2.41 billion for Lodging; $2.04 billion for Food and Beverage; $1.17 billion for Entertainment; $877 million for Shopping/Retail; and $599 million for Transportation. Total visitor spending increased by $283 million, or 4.15%, over the prior year. Hotel occupancy was approximately 81.60% as of September 30, 2016. Travel and tourism supported 74,445 jobs in the District, generating approximately $3.90 billion in wages.

Chart T2 – Trends in District Tourism (2011 – 2015)

Source: Destination DC (formerly the Washington Convention and Tourism Corporation)

Construction – Commercial Real Estate

Construction of commercial real estate surged during calendar year 2016. As of September 30, 2016, commercial space under construction in the District totaled 5.87 million square feet as compared to 3.24 million square feet at the end of September 2015. Over the one-year period between 2015 and 2016, occupied commercial office space decreased from 82.45 million square feet to 78.19 million square feet and the vacancy rate (including sublet) within the District increased from 11.40% at the end of 2015 to 12.70% at the end of 2016.

Construction – Housing Units

For the 12-month period ended September 30, 2016, 5,129 housing unit building permits were issued. This represents a 24.16% increase over the prior 12-month period. **Table T3** presents the number of apartment units located in the District in 2012 through 2016.

In calendar year 2016, there were 177,505 apartment units in the District, of which 170,172, or 95.87%, were occupied. In September 2016, 11,963 apartment units were under construction.

Table T3 – District Apartment Units (2012 - 2016)

	2012	2013	2014	2015	2016
Inventory	162,891	166,686	171,429	174,578	177,505
Occupied Units	156,321	158,522	162,975	167,590	170,172

Source: CoStar - Prior Years' data have been revised to include units in private buildings with 5 or more units

THE DISTRICT'S BOND RATINGS

Rating agencies assess the credit quality of municipal issuers and assign credit ratings to issuers based on the outcome of their assessments. Consequently, rating agencies provide vital information to investors regarding the relative risks associated with rated bond issues. Attaining an acceptable credit rating is important to an issuer because it allows the issuer to more easily access the market and reduce borrowing cost.

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody's Investors Service; and (3) Standard & Poor's Rating Service. **Table T4** presents the District's ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds. The District's ratings for its bonds have remained high over the last several years.

LONG-TERM FINANCIAL PLANNING

As a result of improved financial management practices over the years, the District has been able to develop and operate within more disciplined budgets and address issues faced during the most challenging economic times. Accordingly, District officials have developed and implemented a plan for maintaining a strong, stable financial environment, which includes: developing a five-year operating financial plan and a six-year capital improvements plan; monitoring and analyzing the District's quarterly revenue estimates and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and developing and implementing plans to minimize costs without sacrificing essential programs or services.

Table T4 – Bond Rating History (Last Five Fiscal Years)

	General Obligation Bonds				
	2012	**2013**	**2014**	**2015**	**2016**
Fitch Ratings	AA-	AA-	AA	AA	AA*
Moody's Investors Service	Aa2	Aa2	Aa2	Aa1	Aa1*
Standard & Poor's Rating Service	A+	AA-	AA	AA	AA

	Income Tax Secured Revenue Bonds				
	2012	**2013**	**2014**	**2015**	**2016**
Fitch Ratings	AA+	AA+	AA+	AA+	AA+*
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA**

** High grade rating attributed to an obligor with a very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.*

*** Highest possible grade rating attributed to an obligor with an extremely strong capacity to meet its financial commitments.*

MAJOR INITIATIVES

Many initiatives and projects have been completed, are in progress, or have been planned which will help sustain the District's economy and produce strong financial results. Several of the District's major initiatives and projects are presented in **Tables T5** and **T6**.

Table T5 – Projects Completed (by Economic Sector)

Project	Location	Square Footage/Units	Estimated Value of the Project (in $000s)	Delivery Date (Calendar Year Basis)
Retail:				
The Shops at Dakota Crossing (Phase II - Lowe's)	2425 Market Street, N.E.	130,000	$20,000	4th Qtr 2015
Capitol Gateway Marketplace	58th & East Capitol Street, N.E.	162,200	$100,000	3rd Qtr 2016
Office:				
Department of the Interior (Phase VI)	1849 C Street, N.W.	221,357	$60,000	1st Qtr 2016
Republic Square (Phase II)	660 North Capitol Street, N.W.	195,000	$65,000	1st Qtr 2016
2001 M Street	2001 M Street, N.W.	285,000	Not provided	2nd Qtr 2016
600 Massachusetts Avenue	600 Massachusetts Avenue, N.W.	381,592	$206,000	3rd Qtr 2016
Residential:				
Hecht Warehouse District	1401 New York Avenue, N.E.	330 units	Not provided	4th Qtr 2015
Eliot on 4th	1001 4th Street, S.W.	365 units	$100,000	3rd Qtr 2016
Hospitality:				
Hyatt Place DC Capitol / National Mall	400 E Street, S.W.	170,665	$65,000	4th Qtr 2015
Homewood Suites	50 M Street, S.E.	135,200	$60,000	3rd Qtr 2016
Education and Medical:				
Theodore Roosevelt High School	4301 13th Street, N.W.	328,000	$113,000	4th Qtr 2015
New Sibley	5255 Loughboro Road, N.W.	470,000	$242,000	3rd Qtr 2016
New Residence Hall on Square 77	2121 H Street, N.W.	330,000	$130,000	3rd Qtr 2016
Duke Ellington School of the Arts	3500 R Street, N.W.	258,072	$ 139,000	3rd Qtr 2016
AU East Campus	3501 Nebraska Avenue, N.W.	247,551	$ 115,000	3rd Qtr 2016

Source: Washington, DC Development Report 2015/2016 Edition.

Table T6 – Projects Under Construction

Project	Location	Square Footage/ Units	Estimated Value (in $000s)	Estimated Delivery Date (Calendar Year Basis)
Retail:				
Uline Arena	1140 3rd Street, N.E.	72,975	$125,000	4th Qtr 2016
The Wharf (Phase I)	Southwest Waterfront	190,000	$806,000	4th Qtr 2017
Skyland Town Center (Phase I)	Alabama Avenue & Naylor Road, S.E.	220,000	$150,000	2018
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, N.W.	80,000	$720,000	2018
Office:				
Consumer Financial Protection Bureau HQ Modernization	1700 G Street, N.W.	503,000	$139,000	3rd Qtr 2017
Center Building (DHS HQ)	St. Elizabeths West Campus	284,000	$155,000	3rd Qtr 2017
99 M Street	1st Street & M Street, S.E.	215,000	$116,000	3rd Qtr 2017
The Wharf (Phase I)	Southwest Waterfront	230,000	$806,000	4th Qtr 2017
Capitol Crossing (North Block)	I-395 at 3rd, E & Massachusetts Ave, N.W.	954,000	$1,075,000	2018
Residential:				
Agora	800 New Jersey Avenue, S.E.	336 units	$141,000	4th Qtr 2016
AVA NoMa	55 M Street, N.E.	438 units	$145,000	1st Qtr 2017
909 Half Street	20 K Street, S.E.	383 units	$100,000	1st Qtr 2017
The Wharf (Phase I)	Southwest Waterfront	230,000	$806,000	4th Qtr 2017
Hospitality:				
Trump International Hotel (The Old Post Office)	1100 Pennsylvania Avenue, N.W.	536,000	$200,000	4th Qtr 2016
National Museum of African-American History & Culture	The National Mall	322,600	$309,000	4th Qtr 2016
The Line DC	1780 Columbia Road, N.W.	176,671	$100,000	4th Qtr 2016
F1rst	1st & N Street, S.E.	127,200	$150,000	1st Qtr 2017
The Wharf (Phase I)	Southwest Waterfront	645,500	$806,000	4th Qtr 2017
Education and Medical:				
Marie Reed Elementary School	2201 18th Street, N.W.	140,000	$31,000	2017
GWU HOVA Student Housing	2601 Virginia Avenue, N.W.	117,000	$40,000	2017
McMillan Sand Filtration Site	North Capitol Street & Michigan Avenue, N.W.	1,000,000	$720,000	2018

Source: Washington, D.C. Development Report 2015/2016 Edition.

Office, Sports, and Hospitality Projects:

- **Capitol Crossing**

  Capitol Crossing, one of the District's largest private development projects, is a $1.3 billion project featuring a 2.2 million square-foot complex of five mixed-use buildings. The project will create three new city blocks by transforming seven acres of land above I-395 into a platform that will bridge the East End of downtown with Capitol Hill.

  The Capitol Crossing project will be comprised of 1.9 million square feet of office space, 63,000 square feet of retail space, 150 residential units and a new Jewish Historical Society Synagogue. The project is expected to generate about $40 million in property tax revenue every year, once it is completed. In addition, some of the project's anticipated benefits include the creation of: 4,000 construction jobs, 8,000 permanent jobs, and $120 million in payments to the District for the air rights. Phase I of the project, the first building, is expected to be completed in 2018.

- **The Wharf – Washington, D.C. Waterfront**

  The Wharf is one of the region's largest redevelopment opportunities which will transform the underutilized Southwest Waterfront into an urban destination centrally located on the Potomac River, along the historic Washington Channel, a short distance from the National Mall, the White House, the Capitol and Smithsonian Museums.

  The estimated $2 billion world-class, mixed-use project is comprised of 24 acres of land and more than 50 acres of water. When complete, the 3.2 million square-foot site will feature a unique blend of restaurants, shops, condominiums, hotels, high-quality entertainment venues, marinas, a waterfront park, and an expanded riverfront promenade with public access to the water. The waterfront area will be bike and pedestrian-friendly and is expected to become a commercial anchor for the community and those who visit the nation's capital's monuments and museums.

Phase I is expected to cost about $806 million and projected to open in 2017. Phase I will consist of a building area of more than 1.9 million square feet, and includes: 872 residential units; 190,000 square feet of retail; 230,000 square feet of office space; 683 hotel rooms; 140,000 square feet of cultural and entertainment space; and 1,475 underground parking spaces.

- **D.C. United Soccer Stadium**

  In April 2016, an infrastructure groundbreaking, which consisted of a ceremonial demolition of part of the stadium site at 2nd and S Streets, marked the first tangible stage of preparation for the building of D.C. United's new stadium in Buzzard Point. The world-class stadium for Major League Soccer's D.C. United is to be located in the Buzzard Point area of Southwest D.C., adjacent to the Fort McNair Army base, bounded by Half Street and Second Street, S.W.

  The $300 million state-of-the-art facility is a public-private partnership that will help revitalize a neighborhood on the banks of the Anacostia River, create nearly 900 job opportunities for District residents, and strengthen a commitment to community and fan engagement. The District has agreed to spend up to $150 million to acquire the stadium footprint and to prepare the land for development, while D.C. United will finance vertical construction of the stadium. The 20,000-seat facility is scheduled for completion in 2018.

- **Midtown Center**

  In May 2016, Carr Properties broke ground on a $650 million mixed-use development that is being built on the site of the Washington Post's former headquarters at 15th and L streets, N.W. The Midtown Center development project, which will consist of two linked 14-story towers featuring 862,000 square feet of office, retail and parking spaces, will serve as the new headquarters of government-sponsored enterprise, Fannie Mae, when complete.

  In addition to the 752,000 square feet of premier office space that Fannie Mae will call home, the property will feature 50,000 square feet of destination-oriented retail consisting of a 15,000-square-foot retail plaza between the two structures and a 10,000-square-foot retail alley. The property will also offer three levels of below-grade parking and a 1,300-square-foot bike room to accommodate visitor arrivals. Construction is underway and substantial completion of Phase 1 is scheduled for the fourth quarter of 2017, followed by Phase 2 in the second quarter of 2018.

- **Conrad Washington, D.C. Luxury Hotel at CityCenterDC**

  In June 2016, D.C. Mayor Muriel Bowser joined Developers to confirm the start of construction of the Conrad Washington, D.C., a 360-room luxury hotel with 30,000 square feet of ground-floor retail space at CityCenterDC, a 10-acre landmark, mixed-use development located on the site of the former Washington Convention Center. The Conrad Washington, D.C. marks the seventh building developed by Hines and Qatari Diar at CityCenterDC. With exceptional hotel rooms and exclusive retail elements, this new venture, which represents Hilton Worldwide Holdings Inc.'s first Conrad Hotel in the District, will further enhance the architectural excellence at CityCenterDC. The Conrad Washington, D.C. is expected to open in early 2019.

Transportation Projects:

- **D.C. Streetcar**

  Launched in February 2016, over 50 years since the District's first streetcars, the H Street/Benning Road (H/Benning) line is a 2.4-mile DC Streetcar line which services eight stops from Union Station to Oklahoma Avenue at RFK Stadium's parking lot. In September 2016, service increased from six to seven days a week, with shorter wait times. DC Streetcar is intended to facilitate travel for District residents, workers and visitors by complementing existing transit options and by creating neighborhood connections where they currently do not exist.

  The District currently owns six streetcars that will ultimately serve the system. They are approximately eight feet wide and 66 feet long, about 10 inches narrower than, and one-third the length of, a light rail double car train. The modern streetcars are able to operate in mixed traffic and can easily accommodate existing curbside parking and loading.

  The existing H/Benning Line is just the first segment of an extended east-west line that will traverse the city from beyond the Anacostia at Benning Metro to the Georgetown waterfront. Additional information on this line and other planned streetcar lines within the District may be obtained from the District Department of Transportation, 55 M Street, S.E., Suite 400, Washington, D.C. 20003 or by visiting the following website:

  http://www.dcstreetcar.com

- **South Capitol Street Corridor Project**

  The South Capitol Street Corridor Project involves replacing the Frederick Douglass Memorial Bridge and transforming related sections of urban freeway into a beautiful scenic boulevard that increases pedestrian and vehicular safety, and community accessibility, while improving multi-modal transportation options and supporting economic development on both sides of the Anacostia River. Key project elements include:

  - Building a new six-lane Frederick Douglass Memorial Bridge

- Creating a new traffic oval west of the river that connects South Capitol Street, Potomac Avenue and Q Street S.W.
- Reconstructing South Capitol Street as a six-lane boulevard with an improved streetscape from the traffic oval to D Street S.E./S.W. and an at-grade intersection at M Street S.E.
- Creating a new at-grade traffic oval east of the river that connects South Capitol Street, Suitland Parkway and Howard Road S.E.
- Reconstructing the Suitland Parkway/ Interstate 295 interchange
- Constructing a new diamond interchange on Suitland Parkway at Martin Luther King, Jr. Avenue
- Improving related portions of New Jersey Avenue, Howard Road, Firth Sterling Avenue, and Sheridan Road S.E.
- Increasing bicycle and pedestrian facilities
- Improving drainage and storm water management throughout the corridor

Preliminary engineering and Right-of-Way land acquisition for the project have been underway since January 2012. Construction is scheduled to begin in 2017 and completion of this project is projected for the end of 2020.

- **Anacostia River Clean Up and Protection Fund/ Carryout Bag Fees**

  During fiscal year 2010, the District established the Anacostia River Clean Up and Protection Fund, which is to be used solely to fund efforts to clean and protect the Anacostia River and the other impaired waterways.

  In January 2010, to help fund such efforts, the District began levying a five-cent "bag tax" on District consumers. A consumer making a purchase from a retail establishment within the District must pay, at the time of purchase, a fee of five cents for each disposable carryout bag he or she receives. During fiscal year 2016, the District collected approximately $2.3 million in bag taxes. Since the inception of the tax in 2010, the District has collected approximately $14 million in such taxes.

  Additional information about these and other initiatives within the District may be obtained from the following:

  - **Office of the Deputy Mayor for Planning & Economic Development**

    John A. Wilson Building
    1350 Pennsylvania Avenue, N.W., Suite 317
    Washington, DC 20004
    Telephone: (202) 727-6365
    Website: http://dmped.dc.gov

  - **District Department of Transportation**

    55 M Street, S.E., Suite 400
    Washington, DC 20003
    Telephone: (202) 673-6813
    Website: http://ddot.dc.gov

  - **Office of Planning**

    1100 Fourth Street, S.W., Suite E650
    Washington, DC 20024
    Telephone: (202) 442-7600
    Website: http://planning.dc.gov

  - **Department of Parks and Recreation**

    1250 U Street, N.W.
    Washington, DC 20009
    Telephone: (202) 673-7647
    Website: http://dpr.dc.gov

  - **Department of General Services**

    2000 14th Street, N.W., 8th Floor
    Washington, DC 20009
    Telephone: (202) 727-2800
    Website: http://dgs.dc.gov

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. The District has received this award for 32 of the last 34 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2016 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2015, for the thirteenth consecutive year. The PAFR presents the District's financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2016 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.

Acknowledgments

I would like to thank the District's accounting/finance staff who worked diligently to account for and report on the District's business activities and maintain the city's official "books" of accounting records. I greatly appreciate their efforts, which contributed significantly to the timely preparation of the CAFR. I want to thank my immediate staff, *Diji Omisore, Cassandra Alexander, Tong Yu, David Pivec, Wilma Matthias, Chris LaCour, Vanessa Jackson*, and their respective teams. I am grateful for their dedicated efforts. I would also like to thank the Office of the Inspector General, and the District's independent public accountants, SB & Company, LLC, assisted by Regis & Associates and GKA, for their efforts throughout the audit engagement.

Respectfully submitted,

Bill Slack

Deputy Chief Financial Officer

Financial Operations and Systems

GOVERNMENT OF THE DISTRICT OF COLUMBIA

As of May 6, 2016

RESIDENTS

LEGISLATIVE BRANCH

- Council of the District of Columbia
- DC Auditor
- Advisory Neighborhood Commissions

EXECUTIVE BRANCH

- MAYOR
  - Office of the Chief Financial Officer
    - Office of Budget and Planning
    - Office of Tax and Revenue
    - Office of Finance and Treasury
    - Office of Revenue Analysis
    - Office of Financial Operations and Systems
    - Lottery and Charitable Games Control Board
  - Office of Budget and Finance
  - City Administrator
    - Deputy Mayor for Greater Economic Opportunity
      - Department of Small and Local Business Development
      - Department of Employment Services
      - Office of African-American Affairs
      - Commission on Fathers, Men, and Boys
    - Deputy Mayor for Education
      - DC Public Schools
      - Office of the State Superintendent of Education
      - Department of Parks and Recreation
      - DC Public Library
      - Public Charter School Board
      - Public Charter Schools**
      - State Board of Education
      - University of the District of Columbia (including UDC Community College)
    - Deputy Mayor for Planning and Economic Development
      - Department of Housing and Community Development
      - Department of Consumer and Regulatory Affairs
      - Department of Transportation
      - Office of Planning
      - Department of Employment Services
      - Department of the Environment
      - Department of Insurance, Securities, and Banking
      - Office of Cable Television, Film, Music, and Entertainment
      - Commission on the Arts and Humanities
      - Taxicab Commission
      - Alcoholic Beverage Regulation Administration
      - DC Housing Authority
      - DC Water
      - Housing Finance Agency
      - Office of the People's Counsel
      - Office of the Tenant Advocate
      - Office of Zoning
      - Public Service Commission*
      - Real Property Tax Appeals Commission
      - Washington Convention and Sports Authority
      - Zoning Commission*
    - Deputy Mayor for Health and Human Services
      - Department of Health
      - Department of Human Services
      - Child and Family Services Agency
      - Department of Disability Services
      - Department of Behavioral Health
      - Department of Youth Rehabilitation Services
      - Department of Health Care Finance
      - Office on Aging
      - Health Benefit Exchange Authority
      - Not-for-Profit Hospital Corporation
    - Deputy City Administrator/ Deputy Mayor for Public Safety and Operations
      - Metropolitan Police Department
      - Fire and Emergency Medical Services Department
      - Homeland Security and Emergency Management Agency
      - Department of Corrections
      - Department of Forensic Sciences
      - Office of Unified Communications
      - Office of the Chief Medical Examiner
      - Office of Victim Services and Justice Grants
      - DC National Guard (DC)
      - Corrections Information Council
      - Criminal Justice Coordinating Council
      - Office of Police Complaints
      - Uniform Law Commission
      - Department of Human Resources
      - Department of Public Works
      - Department of General Services
      - Office of the Chief Technology Officer
      - Office of Contracting and Procurement
      - Department of Motor Vehicles
      - Office of Risk Management
      - Office of Disability Rights
      - Office of Human Rights
      - DC Retirement Board
      - Contract Appeals Board
      - Board of Elections* (including the Office of Campaign Finance)
      - Board of Ethics and Government Accountability (including the Office of Open Government)
      - Office of Administrative Hearings
      - Office of Employee Appeals
      - Public Employee Relations Board
  - Mayor's Office of Legal Counsel
  - Office of the Senior Advisor
    - Office of Policy and Legislative Affairs
    - Office of Federal and Regional Affairs
    - Office of the Secretary
    - New Columbia Statehood Commission‡
    - Office of the Statehood Delegation
  - EOM/Office of the Chief of Staff
    - Office of the General Counsel:
    - Office of Partnerships and Grants
    - Office of Communications: Mayor's Correspondence Unit
    - Office of Talent and Appointments
    - Office of Scheduling and Advance
    - Office of Community Affairs:
    - Clean City Office
    - Office of Community Relations and Services
    - Youth Advisory Council
    - ServeDC
    - Office of African Affairs
    - Office of Asian and Pacific Islander Affairs
    - Office of LGBTQ Affairs
    - Office of Latino Affairs
    - Office of Religious Affairs
    - Office of Veteran Affairs
    - Office of Returning Citizens Affairs
    - Office on Women's Policy and Initiatives
- Office of the Inspector General
- Office of the Attorney General

JUDICIAL BRANCH

- DC Court of Appeals
- DC Superior Court
- Joint Committee on Judicial Administration
- Commission on Judicial Disabilities and Tenure
- Judicial Nomination Commission
- Sentencing and Criminal Code Revision Commission

NOTES

Entities enclosed within dashed boxes are independent agencies or entities. They appear on this organizational chart in proximity to the Executive Branch cluster with which their functions most align.

* Agencies marked with an asterisk are Charter independent agencies.

** Entities marked with two asterisks are non-governmental entities.

‡ The New Columbia Statehood Commission is co-chaired by the Mayor and the Council Chairman.

REGIONAL BODIES

- Metropolitan Washington Council of Governments
- National Capital Planning Commission (federal)
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission
- Washington Metropolitan Airports Authority

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

September 30, 2016

ELECTED OFFICIALS

Name	Position	First Took Office	Term Expires
	Chief Executive Officer		
Muriel Bowser	Mayor	2015	2019
	Council		
Phil Mendelson	Chairman	1999	2019
Anita Bonds	At Large	2012	2019
David Grosso	At Large	2013	2017
Robert C. White, Jr.	At Large	2016	2017
Elissa Silverman	At Large	2015	2019
Brianne Nadeau	Ward 1	2015	2019
Jack Evans	Ward 2	1991	2017
Mary M. Cheh	Ward 3	2007	2019
Brandon T. Todd	Ward 4	2015	2017
Kenyan McDuffie	Ward 5	2012	2019
Charles Allen	Ward 6	2015	2019
Yvette M. Alexander	Ward 7	2007	2017
LaRuby May	Ward 8	2015	2017
	House of Representatives		
Eleanor Holmes Norton	Delegate	1991	2017

EXECUTIVE OFFICERS

Name	Position
Karl A. Racine	Attorney General
Daniel W. Lucas	Inspector General
Rashad M. Young	City Administrator
Kaya Henderson	Chancellor for DC Public Schools
Lauren C. Vaughan	Secretary of the District of Columbia
Jennifer C. Niles	Deputy Mayor for Education
Brian T. Kenner	Deputy Mayor for Planning and Economic Development
Courtney R. Snowden	Deputy Mayor for Greater Economic Opportunity
Kevin Donahue	Deputy City Administrator/Deputy Mayor for Public Safety and Justice
Brenda Donald	Deputy Mayor for Health and Human Services
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Stephen Cordi	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Hayes Rice	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Tracey Cohen	Interim Executive Director, Lottery and Charitable Games

DISTRICT OF COLUMBIA PRINCIPAL OFFICIALS

January 2, 2017

ELECTED OFFICIALS

Name	Position	First Took Office	Term Expires
	Chief Executive Officer		
Muriel Bowser	Mayor	2015	2019
	Council		
Phil Mendelson	Chairman	1999	2019
Anita Bonds	At Large	2012	2019
David Grosso	At Large	2013	2021
Robert C. White, Jr.	At Large	2016	2021
Elissa Silverman	At Large	2015	2019
Brianne Nadeau	Ward 1	2015	2019
Jack Evans	Ward 2	1991	2021
Mary M. Cheh	Ward 3	2007	2019
Brandon T. Todd	Ward 4	2015	2021
Kenyan McDuffie	Ward 5	2012	2019
Charles Allen	Ward 6	2015	2019
Vincent C. Gray	Ward 7	2017	2021
Trayon White, Sr.	Ward 8	2017	2021
	House of Representatives		
Eleanor Holmes Norton	Delegate	1991	2019

EXECUTIVE OFFICERS

Name	Position
Karl A. Racine	Attorney General
Daniel W. Lucas	Inspector General
Rashad M. Young	City Administrator
Antwan Wilson	Chancellor for DC Public Schools (Beginning February 1, 2017)
Lauren C. Vaughan	Secretary of the District of Columbia
Jennifer C. Niles	Deputy Mayor for Education
Brian T. Kenner	Deputy Mayor for Planning and Economic Development
Courtney R. Snowden	Deputy Mayor for Greater Economic Opportunity
Kevin Donahue	Deputy City Administrator/Deputy Mayor for Public Safety and Justice
HyeSook Chung	Deputy Mayor for Health and Human Services
Jeffrey S. DeWitt	Chief Financial Officer
Angell Jacobs	Deputy CFO/Chief of Staff
Gordon McDonald	Deputy CFO, Budget and Planning
Bill Slack	Deputy CFO, Financial Operations and Systems
Jeffrey Barnette	Deputy CFO, Finance and Treasury
Fitzroy Lee	Deputy CFO, Revenue Analysis
Keith Richardson	Deputy CFO, Tax and Revenue
Cyril Byron, Jr.	Associate CFO, Economic Development and Regulation
Mohamed Mohamed	Associate CFO, Governmental Operations
George Dines	Associate CFO, Government Services
Delicia Moore	Associate CFO, Human Support Services
Angelique Hayes Rice	Associate CFO, Public Safety and Justice
Deloras A. Shepherd	Associate CFO, Education
Tracey Cohen	Interim Executive Director, Lottery and Charitable Games

Government Finance Officers Association

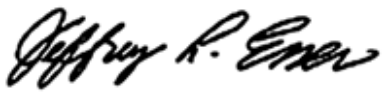
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Government of the District of Columbia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015



Executive Director/CEO

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CAFR 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2016

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Mayor and the Council of the Government of the District of Columbia,
Inspector General of the Government of the District of Columbia:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

1299 Pennsylvania Avenue NW • Suite 1120 • Washington • District of Columbia 20004 • P 202.803.2335 • F 202.756.1301

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison statement for the general and Federal and private resources funds for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of employer contributions and schedules of changes in net pension liability and related ratios for the Teachers' Retirement Fund, and the Police Officers' and Firefighters' Retirement Fund, and the actuarial analyses schedule of funding progress, and schedule of employer contributions for the Other Post-Employment Benefits Program, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented in the financial section and introductory and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information in the financial section (Exhibits A-1 through A-6, B-1 and B-2, C-1 through C-3, and D-1 through D-3) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited the District's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the budgetary comparison statement, each major fund, and the aggregate remaining fund information in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Washington, DC
January 25, 2017

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

(Dollar amounts expressed in thousands)

The following is a discussion and analysis of the District of Columbia's (the District's) financial performance for the fiscal year ended September 30, 2016, which includes a narrative overview and analysis of the District's financial activities. This information should be read in conjunction with the transmittal letter, located in the Introductory Section of this report, and the District's basic financial statements and note disclosures, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- As of September 30, 2016, the District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by $4,815,418. The District has a positive unrestricted net position in fiscal year 2016 of $174,499, an improvement of $304,658 over the previous year. This improvement in unrestricted net position resulted primarily from significant increases in revenues over expenses. (See **Table MDA-1**)
- As a result of continued economic recovery and growth in the District, total District revenues increased by $523,995, primarily those generated through property taxes, income and franchise taxes, and operating grants and contributions, which increased by $188,924, $100,479, and $109,812, respectively. This significant increase in total revenues in fiscal year 2016 was directly attributable to certain economic factors such as: higher assessed values of commercial properties; a rise in residential home prices and sales; a decline in unemployment; an increase in population; and higher corporate profits. In spite of these significant increases in revenues, capital grants and contributions (received to fund infrastructure improvements/public works) and other taxes decreased over the one-year period. (See **Table MDA-2**)
- District expenses increased by $230,463 during fiscal year 2016 due mainly to increased spending for Governmental Direction and Support, Economic Development and Regulation, Public Safety and Justice and Human Support Services, while Public Education expenses declined. (See **Table MDA-2**)
- The District's total net position (revenues over expenses) increased by $399,047 (3.30% above expenses) indicating that revenues and expenses were, for the most part, positively balanced for the year. (See **Table MDA-2**)
- The District's total long-term liabilities increased slightly by $11,452, or 0.10%, during fiscal year 2016. This increase, which is relatively small when compared to prior years, is also due to the timing of bond issuances, with a smaller amount of bonds having been issued in fiscal year 2016. (See **Table MDA-1**)
- As of September 30, 2016, the District reported an increase in fund balance in its General Fund of $222,027 to $2,389,089. Total governmental funds reported combined ending fund balances of $2,914,250, a decrease of $78,436 in comparison with the prior year. The decrease in fund balance within the governmental funds resulted from a decrease in the Capital Improvements Fund. During fiscal year 2016, capital projects were financed internally through the use of the capital fund balance and short-term advances from the General Fund. This financing strategy allowed the District to optimize the timing of the issuance of new debt to finance capital projects and reimburse internal financing resources. (See **Table MDA-3**)

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Many parties use the District's financial statements; however, they do not always use them for the same purpose. In order to address the needs of as many financial statement users as possible, the District, in accordance with generally accepted accounting principles (GAAP) presents: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements.

Government – Wide Financial Statements

The government-wide financial statements focus on the District's overall financial position and activities, and include a *statement of net position* and a *statement of activities*. These financial statements report on the

primary government and its component units, which are aggregated into a separate column. The primary government is further divided into governmental activities and business-type activities.

The purpose of the *statement of net position* is to report all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. The difference between the District's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Total net position is comprised of three components: (1) *net investment in capital assets;* (2) *restricted*; and (3) *unrestricted*. In general, gauging increases or decreases in net position is one way to assess the District's financial position over time. Other factors, such as changes in population, the property tax base, infrastructure conditions, and other non-financial matters, should also be considered when assessing the District's overall financial health.

The purpose of the *statement of activities* is to present the District's revenues and expenses. The difference between revenues and expenses is reported as "change in net position." All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The *statement of activities* summarizes both the gross and net cost of the governmental activities and business-type activities. Governmental activities include the District's basic functional services which are generally financed through taxes, intergovernmental revenues and other revenues. Business-type activities include enterprise operations which are primarily funded by fees for services. Such fees are expected to cover all or most of the costs of operations, including depreciation. Program or functional expenses are reduced by program-specific earned revenues, and by grants and contributions.

The District's government-wide financial statements are presented on pages 44 and 45 of this report.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes, or regulations. The District's fund financial statements are divided into three categories: (1) governmental funds; (2) proprietary funds; and (3) fiduciary funds.

Financial statements of the governmental funds consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of the governmental funds focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting. However, government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting. Financial statements of the governmental funds have a short-term emphasis, and generally measure and account for cash and other assets that can easily be converted to cash. As such, these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in these statements. Therefore, an analysis is presented at the bottom of the balance sheet of the governmental funds, which reconciles the total fund balances to the amount of net position presented in the governmental activities column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column of the government-wide statement of activities.

The balance sheet of the governmental funds presents the District's nonspendable fund balance and further classifies spendable fund balance as restricted, committed, assigned, or unassigned based on the relative strength of the constraints controlling how specific amounts may be used.

The District presents funds that are significant to the District (major funds) in separate columns. All other governmental funds are aggregated and reported in a single column (nonmajor funds).

The financial statements of the District's governmental funds are presented on pages 46 through 49 of this report.

Financial statements of the proprietary funds consist of a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements.

The District's proprietary funds are used to account for the activities of District entities that charge customers fees for the services provided. The financial statements of the District's proprietary funds present

the changes in financial position and condition of the District's two major proprietary funds, the District of Columbia Lottery and Charitable Games Control Board and the Unemployment Compensation Fund.

The Unemployment Compensation Fund is reported as a proprietary fund similar to a public entity risk pool because the District is required by law to recover its costs.

The financial statements of the District's proprietary funds are presented on pages 50 through 52 of this report.

Financial statements of the fiduciary funds are comprised of the Pension and OPEB Trust Funds, Private Purpose Trust Fund, and an Agency Fund. All of the fiduciary funds, except the agency fund, consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. The agency fund reports only assets and liabilities and does not report net position, since it accounts for funds held by the government in a purely custodial capacity.

The fiduciary fund statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. Assets held by the District (either as a trustee or as an agent) for other parties, that cannot be used to finance the District's operating programs, are reported in the fiduciary funds. The District is responsible for ensuring that the activities reported in the fiduciary funds are consistent with each fund's intended purpose.

The financial statements of the District's fiduciary funds are presented on pages 53 and 54 of this report.

Component Units

Combining financial statements, presented on pages 55 and 56 report the financial data for the District's discretely presented component units.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements, which begin on page 57, present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress toward funding its obligation to provide pension and other postemployment benefits to District employees. Required supplementary information can be found on pages 139 through 144 of this report.

Financial statements of individual funds, combining statements (in connection with nonmajor governmental funds), and supporting schedules are presented immediately following the required supplementary information. Financial statements of individual funds and combining statements and schedules can be found in the other supplementary information section presented on pages 145 through 171 of this report.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND OPERATIONS

The District's overall financial position improved as a result of the year's activities. The District's financial position and operations for the past two fiscal years are summarized in **Tables MDA-1** and **MDA-2.** The information for fiscal years 2015 and 2016 is based on the government-wide financial statements presented on pages 44 and 45 of this report.

Table MDA - 1 – Net Position as of September 30, 2016

	Governmental activities		Business-type activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 4,891,340	$ 5,007,806	$ 414,112	$ 363,154	$ 5,305,452	$ 5,370,960
Capital assets	12,431,889	11,917,024	330	169	12,432,219	11,917,193
Total assets	17,323,229	16,924,830	414,442	363,323	17,737,671	17,288,153
Deferred outflows of resources	459,144	593,369	-	-	459,144	593,369
Long-term liabilities	11,143,435	11,130,901	2,779	3,861	11,146,214	11,134,762
Other liabilities	1,931,955	2,244,928	42,912	42,539	1,974,867	2,287,467
Total liabilities	13,075,390	13,375,829	45,691	46,400	13,121,081	13,422,229
Deferred inflows of resources	260,316	42,922	-	-	260,316	42,922
Net position:						
Net investment in capital assets	2,835,463	2,639,069	330	169	2,835,793	2,639,238
Restricted	1,440,889	1,594,809	364,237	312,483	1,805,126	1,907,292
Unrestricted	170,315	(134,430)	4,184	4,271	174,499	(130,159)
Total net position	**$ 4,446,667**	**$ 4,099,448**	**$ 368,751**	**$ 316,923**	**$ 4,815,418**	**$ 4,416,371**

Table MDA - 2 – Change in Net Position for the Year Ended September 30, 2016

	Governmental activities		Business-type activities		Totals		
	2016	2015	2016	2015	2016	2015	Variance
Revenues:							
Program revenues:							
Charges for services	$ 598,747	$ 538,961	$ 228,183	$ 212,495	$ 826,930	$ 751,456	$ 75,474
Operating grants and contributions	3,577,091	3,464,746	12,028	14,561	3,589,119	3,479,307	109,812
Capital grants and contributions	167,948	224,891	-	-	167,948	224,891	(56,943)
General revenues:							
Property taxes	2,504,617	2,315,693	-	-	2,504,617	2,315,693	188,924
Sales and use taxes	1,451,441	1,425,525	-	-	1,451,441	1,425,525	25,916
Income and franchise taxes	2,417,206	2,316,727	-	-	2,417,206	2,316,727	100,479
Other taxes	863,466	890,159	145,887	148,889	1,009,353	1,039,048	(29,695)
Non-tax revenues	521,931	412,769	8,532	7,666	530,463	420,435	110,028
Total revenues	**12,102,447**	**11,589,471**	**394,630**	**383,611**	**12,497,077**	**11,973,082**	**523,995**
Expenses:							
Governmental direction and support*	1,228,553	1,144,379	-	-	1,228,553	1,144,379	84,174
Economic development and regulation	548,314	474,493	-	-	548,314	474,493	73,821
Public safety and justice	1,799,670	1,715,161	-	-	1,799,670	1,715,161	84,509
Public education system*	2,271,561	2,326,963	-	-	2,271,561	2,326,963	(55,402)
Human support services	4,507,123	4,484,943	-	-	4,507,123	4,484,943	22,180
Public works	701,559	705,766	-	-	701,559	705,766	(4,207)
Public transportation	359,097	335,703	-	-	359,097	335,703	23,394
Interest on long-term debt	392,638	404,130	-	-	392,638	404,130	(11,492)
Lottery and games	-	-	174,882	156,762	174,882	156,762	18,120
Unemployment compensation	-	-	114,633	119,267	114,633	119,267	(4,634)
Total expenses	**11,808,515**	**11,591,538**	**289,515**	**276,029**	**12,098,030**	**11,867,567**	**230,463**
Increase (decrease) in net position before transfers	**293,932**	**(2,067)**	**105,115**	**107,582**	**399,047**	**105,515**	**293,532**
Transfers in (out)	53,287	55,586	(53,287)	(55,586)	-	-	-
Change in net position	347,219	53,519	51,828	51,996	399,047	105,515	293,532
Net position - Oct 1	4,099,448	4,045,929	316,923	264,927	4,416,371	4,310,856	105,515
Net position - Sept 30	**$ 4,446,667**	**$ 4,099,448**	**$ 368,751**	**$ 316,923**	**$ 4,815,418**	**$ 4,416,371**	**$ 399,047**

Please refer to Note 1W - Reconciliation of Government-Wide and Fund Financial Statements, on page 76 for additional information on the differences between the two bases of accounting that the District used in this report.

* FY 2015 governmental activities expenses revised to reflect reclassification.

Financial Analysis of the Government as a Whole

The District's combined net position (governmental and business-type activities) increased by $399,047 or 9.04% from $4,416,371 in fiscal year 2015 to $4,815,418 in fiscal year 2016. Revenues increased by $523,995 while expenses increased by $230,463. Program revenues, which were approximately 36.68% of the District's total revenues in fiscal year 2016, increased by $128,343, or 2.88%. This increase was due primarily to increases in operating grants and contributions and charges for services. The grants comprising this increase were used primarily in support of programs and services in the area of Human Support.

Increased Human Support Services grant revenues resulted from increased program enrollment by District residents and the federal government's matching of District expenditures for Medicaid-eligible healthcare services. The availability of Temporary Assistance for Needy Families (TANF) carryover funds also contributed to this increase.

General revenues, derived primarily from taxes, represented approximately 63.32% of the District's total revenues in fiscal year 2016. Such revenues increased by $395,652, or 5.26%, due to higher assessed values of commercial properties, increased rate of collection of property taxes, and increases in non-tax revenues, compared to the prior year. Increases in income and franchises taxes in fiscal year 2016 resulted from improvement in business conditions and profitability within the District, which caused corporate income taxes to rise.

The most significant increases in expenses were in Governmental Direction and Support, and Public Safety and Justice, which grew by $84,174, or 7.36% and $84,509, or 4.93%, respectively. Governmental Direction and Support expenses increased due to rising costs associated with managing the maintenance of District properties, increases in fixed costs (including utilities, telecommunications, and other similar expenses) and the implementation of enhancements to improve overall District operations. Public Safety and Justice expenses increased as a result of the: acquisition of body worn cameras for the Metropolitan Police Department and other enhancements to third-party medical transport services at the Fire and Emergency Medical Services and crime scene sciences at the Department of Forensic Sciences. However, the decreases reflected in Public Education expenses resulted from the reporting of higher equipment disposition expenses in fiscal year 2015.

Restricted net position represents assets that are subject to use constraints imposed either: (a) externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) by law, through constitutional provisions or enabling legislation. Restricted net position totaled $1,805,126 in fiscal year 2016 and $1,907,292 in fiscal year 2015, representing a decrease of $102,166, or 5.36%. The most significant decreases in restricted net position related to pensions, purpose restrictions, and a settlement involving Fire and Emergency Medical Services (FEMS). The decrease in restricted net position related to pensions resulted from activity in deferred inflow and deferred outflow of resources. Between fiscal years 2015 and 2016, deferred outflow of resources related to pensions decreased by $131,832 while deferred inflow of resources increased by $219,371. The net effect of these balances contributed to the decrease in restricted net position. In addition, due to declines in grants which have limitations on the use of funding, net position associated with purpose restrictions also decreased in fiscal year 2016. The payment of a settlement in the amount of $47 million related to overtime at FEMS also contributed to the decrease in restricted net position.

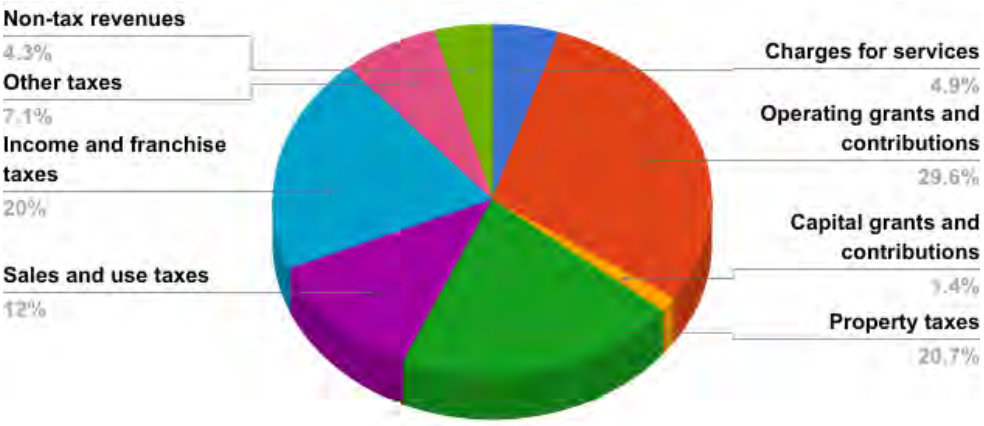
Total net position of governmental activities was $4,446,667 in fiscal year 2016, which was $347,219, or 8.47% higher than the amount in the prior year. This increase mainly resulted from increases in revenues from property taxes, income and franchise taxes, and certain non-tax revenues combined with effective management of expenses.

Unrestricted net position improved significantly in fiscal year 2016, by $304,658 to $174,499 in fiscal year 2016 compared to negative $130,159 in fiscal year 2015. This improvement in unrestricted net position occurred because certain long-term liabilities (compensation payable and other accrued liabilities), decreased by $247,147 in fiscal year 2016. Such liabilities are incurred in the current fiscal year but are not funded until they mature or come due for payment in future periods. In addition, total revenues increased by $523,995. This increase in revenues as well as a decrease in restricted net position also contributed to the improvement in unrestricted net position.

The District of Columbia Lottery and Charitable Games Control Board (the Lottery), a proprietary fund of the primary government, transfers substantially all of its net income to the District at the end of each fiscal year. In fiscal years 2016 and 2015, the Lottery transferred $53,287 and $55,586 to the District's General Fund, respectively.

Chart MDA-1 graphically depicts the District's sources of revenues in its governmental activities as presented in **Table MDA-2**, Change in Net Position for the year ended September 30, 2016, found on page 28.

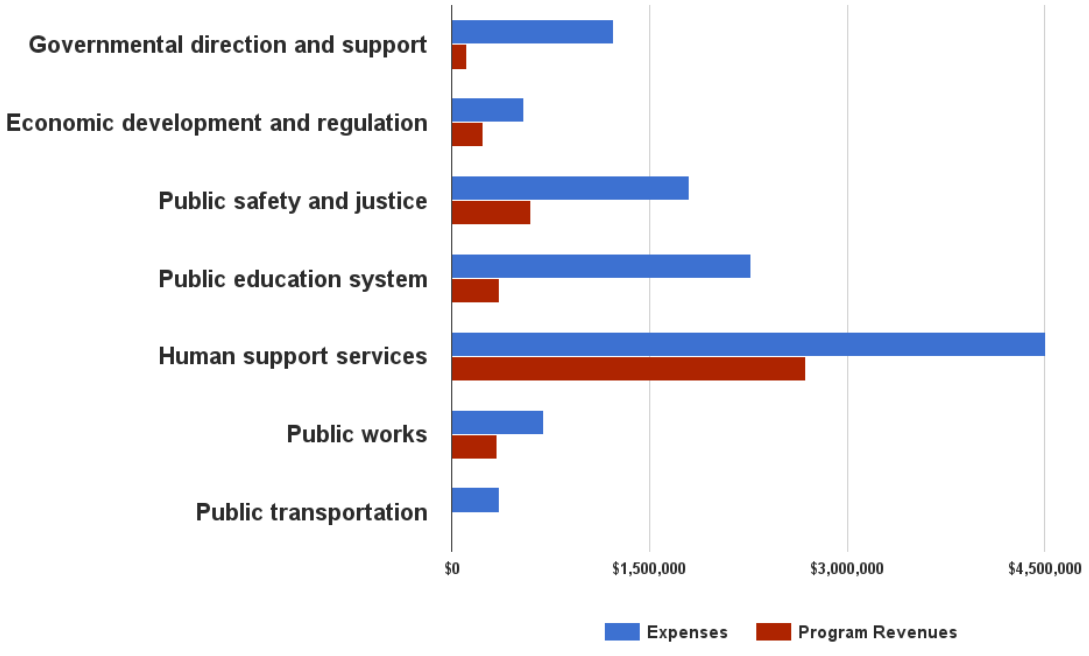
Chart MDA-1 – Revenue by Source – Governmental Activities



Charges for services	$	598,747
Operating grants and contributions		3,577,091
Capital grants and contributions		167,948
Property taxes		2,504,617
Sales and use taxes		1,451,441
Income and franchise taxes		2,417,206
Other taxes		863,466
Non-tax revenues		521,931
Total Governmental Activities Revenues	**$**	**12,102,447**

Chart MDA-2 displays both expenses and program revenues of selected governmental activities for the fiscal year. The governmental activities are: governmental direction and support, economic development and regulation, public safety and justice, public education system, human support services, public works, and public transportation.

Chart MDA-2 – Governmental Activities Expenses and Program Revenues



Net position of the business-type activities increased by $51,828, or 16.35%, between fiscal year 2015 and 2016. Net position increased principally as a result of increases in revenues from employer taxes and governmental contributions combined with a decline in the payment of benefits resulting from a decrease in unemployment.

Reporting on the District's Most Significant Funds

Fund financial statements focus on major funds, instead of fund types. Other than the general fund, which is always classified as a major fund, any other governmental fund is classified as a major fund if the fund has revenues, expenditures/expenses, assets plus deferred outflows of resources, or liabilities (excluding extraordinary items) plus deferred inflows of resources that are at least 10% of the corresponding totals for all governmental funds and at least 5.00% of the aggregate amount for all governmental and proprietary funds for the same item. Major funds, as required by generally accepted accounting principles (GAAP), are presented individually with nonmajor governmental funds combined in a single column. Detailed information for individual nonmajor governmental funds can be found in Other Supplementary Information, Exhibits B-1 and B-2, presented on pages 156 and 157 of this report.

Governmental Funds

The District's governmental funds provide information that is useful when assessing the District's financing needs, such as data pertaining to near-term inflows, outflows, and balances of spendable resources. Most basic services are reported in the governmental funds, which are further classified as General, Federal and Private Resources, Housing Production Trust, General Capital Improvements, and Nonmajor Governmental Funds. Please refer to Exhibits 2-a and 2-b presented on pages 46 and 47 for more detailed information about these funds.

Fund Balances:

The governmental funds reported a combined fund balance of $2,914,250 in fiscal year 2016 and $2,992,686 in fiscal year 2015, which represents a decrease of $78,436, or 2.62%, from the prior year. The components of the combined fund balance of the governmental funds are presented in **Table MDA-3.**

Table MDA-3 – Comparison of FY 2016 and FY 2015 Fund Balance

Governmental Fund	2016	2015	Dollar Variance	Percentage Variance
General	$ 2,389,089	$ 2,167,062	$ 222,027	10.25%
Federal and private resources	160,142	167,215	(7,073)	(4.23%)
Housing production trust	250,311	185,496	64,815	34.94%
General capital improvements	(228,870)	35,805	(264,675)	(739.21%)
Nonmajor governmental funds	343,578	437,108	(93,530)	(21.40%)
Total Fund Balance	**$ 2,914,250**	**$ 2,992,686**	**$ (78,436)**	(2.62%)

Fund balance in the Federal and Private Resources Fund decreased by $7,073 or 4.23% between fiscal years 2015 and 2016. This decrease in fund balance was due to a 3.43% increase in total expenditures, primarily in human support services, which was not quite offset by a 3.14% increase in total revenues, primarily in operating grants. Total revenues in the Federal and Private Resources Fund increased by $109,830 while expenditures increased by $119,781.

Fund balance in the Housing Production Trust Fund increased by $64,815, or 34.94% between fiscal years 2015 and 2016. This increase was due primarily to transfers of local funds from the General Fund to the Housing Production Trust Fund to fully fund it at $100 Million, as requested by the Mayor, to finance the Affordable Housing Initiative. This initiative provides financial assistance to non-profit and for-profit developers that support the rehabilitation and acquisition of affordable housing for rental or homeownership in the District. In addition, $40 Million derived from the excess deed recordation and deed transfer taxes, which were transferred to the Housing Production Trust Fund, contributed to the increase.

Fund balance in the General Capital Improvements Fund decreased by $264,675, from positive $35,805 in fiscal year 2015 to negative $228,870 in fiscal year 2016. Due to improved General Fund cash reserves, the Capital Improvements Fund borrowed from the General Fund to fund current activities, and to optimize the timing of the issuance of long-term bonds, which were later issued to reimburse the General Fund.

The most significant fund balance increase within the governmental funds, which totaled $222,027, was in the General Fund, the District's primary operating fund. A more detailed discussion of the District's General Fund follows.

Revenues:

General Fund revenues increased by $412,531 in fiscal year 2016. **Table MDA-4** presents the most significant one-year variances in General Fund revenues.

Table MDA-4 – Changes in Major General Fund Revenues

Revenue Category	2016	2015	Dollar Variance	Percentage Variance
Property taxes	$ 2,470,004	$ 2,316,147	$ 153,857	6.64%
Sales and use taxes	1,401,058	1,373,066	27,992	2.04%
Income and franchise taxes	2,464,330	2,316,727	147,603	6.37%
Total	**$ 6,335,392**	**$ 6,005,940**	**$ 329,452**	5.49%

Property tax:

Increases in property tax revenues were due primarily to higher assessed values of commercial properties and an increased rate of collection of associated taxes. The District also experienced an upswing in personal property tax revenues. Although the national housing crisis, recession and slow economic recovery resulted in declines in residential property values and associated tax assessments, the District's residential market continued to show solid improvement in fiscal year 2016, with residential home prices and sales increasing significantly. The continued recovery and economic growth resulted in increased collections of residential property taxes in fiscal year 2016.

Sales and use tax:

Improved economic conditions, which resulted in increased consumer spending, contributed to increased sales and use tax revenues in fiscal year 2016. In addition, revenues generated from some excise taxes, such as those imposed on purchases of alcoholic beverages and motor vehicles, also increased between fiscal year 2015 and 2016.

Income and franchise taxes:

As evidenced by the decline in unemployment and an increase in population, more individuals joined the workforce during fiscal year 2016. This resulted in increases in total salaries and wages thereby increasing the amount of salary/wage-related taxes. Capital gains realizations also led to increases in individual income taxes. Moreover, strong growth in corporate profits during fiscal year 2016 contributed to increases in business franchise tax revenues.

Dedicated Revenues

The dedicated portions of tax revenues related to the special revenue funds are recorded directly in those funds. However, dedicated taxes for the Convention Center, Healthcare Programs, and the Highway Trust Fund are transferred out of the local fund (the major component of the general fund). Healthcare Program activities are recorded in a segregated fund within the general fund. In fiscal year 2016, the District dedicated a total of $501,562 in tax revenues to fund the projects shown in **Table MDA-5**.

Expenditures:

The District's general fund expenditures, excluding debt service, increased by $387,207 from the previous year. Variances by program or function are presented in **Table MDA-6**.

Table MDA-5 – Dedicated Local Tax Revenues

		General Fund							Special Revenue Funds			
	Total Dedicated Taxes	Convention Center	Healthcare Programs	Highway Trust Fund	WMATA	Healthy Schools	Alcoholic Beverage Regulation Administration	HPTF Debt Service	Tax Increment Financing Program	PILOT Special Revenue	Baseball Project	Housing Production Trust Fund
Property taxes	$ 33,887	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,086	$ 16,801	$ -	$ -
Sales and use taxes	251,725	123,551	-	-	72,355	4,266	1,170	-	33,963	-	16,420	-
Deed recordation	37,504	-	-	-	-	-	-	6,711	-	-	-	30,793
Gross receipts taxes	43,155	-	-	-	-	-	-	-	-	-	43,155	-
Deed transfers	26,196	-	-	-	-	-	-	1,111	-	-	-	25,085
Motor fuel taxes	25,333	-	-	25,333	-	-	-	-	-	-	-	-
Other taxes	83,762	-	83,762	-	-	-	-	-	-	-	-	-
Total taxes	**$ 501,562**	**$ 123,551**	**$ 83,762**	**$ 25,333**	**$ 72,355**	**$ 4,266**	**$ 1,170**	**$ 7,822**	**$ 51,049**	**$ 16,801**	**$ 59,575**	**$ 55,878**

Table MDA-6 – General Fund Expenditure Variances by Function

Function/Program	2016	2015	Dollar Variance	Percentage Variance
Governmental direction and support	$ 957,151	$ 870,067	$ 87,084	10.01%
Economic development and regulation	404,313	309,346	94,967	30.70%
Public safety and justice	1,227,558	1,044,356	183,202	17.54%
Public education system	1,947,968	1,866,863	81,105	4.34%
Human support services	1,860,387	1,954,001	(93,614)	(4.79%)
Public works	339,856	328,787	11,069	3.37%
Public transportation	359,097	335,703	23,394	6.97%
Total Expenditures by Function	**$ 7,096,330**	**$ 6,709,123**	**$ 387,207**	5.77%

Explanations for variances in General Fund functional expenditures are presented below:

Governmental Direction and Support – Increased expenditures in Governmental Direction and Support resulted primarily from significant increases in overtime costs due to the "epic" snowstorm in 2016 and the implementation of a lead filter and testing initiative in response to DCPS's water levels testing within District schools. Certain increases in expenditures resulted from rising fixed costs associated with managing and maintaining District leased and owned properties: utilities, facility maintenance and protective security services. In addition, spending in this functional area also increased as a result of a mass work order reduction initiative initiated by the Department of General Services, new and ongoing communications and technology projects and activities, and other initiatives designed to further enhance government operations and management.

Economic Development and Regulation – The increase in Economic Development and Regulation expenditures resulted mostly from resource and program enhancements designed to preserve and increase the supply of quality affordable housing for low-income persons, particularly those with serious and persistent mental or emotional illness and senior citizens. In addition, implementation and expansion of certain workforce development and youth employment initiatives within the Department of Employment Services also contributed to the increased expenditures.

Public Safety and Justice – Increased expenditures in Public Safety and Justice expenditures were associated with additional funding appropriated for body worn cameras for the Metropolitan Police Department; third-party emergency medical-transport services for the Fire and Emergency Medical Services Department; crime scene sciences for the Department of Forensic Sciences; and synthetic drug testing for the Office of the Chief Medical Examiner, all of which were designed to enhance operational efficiency and the quality of services provided.

Public Education – Public Education expenditures increased due to several factors, some of which included: the effects of an increase in the Uniform Per Student Funding Formula (UPSFF), increased student enrollment and other enhancements to educational services and support programs offered by the District's public schools and public charter schools. Such enhancements include an increase in expenditures for students with Individualized Education Programs (IEPs), At-Risk students and Special Education enrollment.

Human Support Services – Human Support Services Agencies continued to provide an array of services to sustain, support and assist the District's most vulnerable residents. Such services were provided to assist residents in the following areas: homelessness, substance and mental abuse, the prevention and promotion of health and wellness, and other human welfare issues through such programs as Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP). Human Support Services expenditures decreased over the one-year period due to reductions in certain grant-funded programs such as Healthy Start; Maternal, Infant, and Early Childhood Home Visitation; HIV Emergency Relief Projects; and the implementation of certain programmatic efficiencies.

Public Works – Public Works expenditures increased due to several factors, including costs associated with cleaning public spaces throughout the District and managing the city's fleet operations. Moreover, implementation of other enhancements to programs designed to promote environmental stewardship, innovation, pollution prevention, and resource conservation also led to increased public works expenditures.

Public Transportation – The District, along with other jurisdictions in the metropolitan region, provide funding to support the operations of the Washington Metropolitan Area Transit Authority (WMATA). Increases in Public Transportation expenditures in fiscal year 2016 resulted from increased WMATA's operating cost, which led to increased subsidies being paid by the District. The implementation of initiatives such as a traffic congestion management study (designed to identify strategies for preventing and better managing the flow of traffic in the District) and a project designed to reduce the risk of flooding in the Bloomingdale area of the District also contributed to the increased expenditures in fiscal year 2016.

Capital Expenditures and Financing

The District spent $1,095,464 on general capital improvements which exceeded the general capital improvements revenues of $175,949 by $919,515. This deficiency was subsequently financed with a total of $654,840 from bond proceeds and other financing sources. The net change in fund balance was a decrease of $264,675, which resulted in a negative fund balance of $228,870.

The District's investments in capital improvements are based on need rather than available current year revenues. It is the District's financial policy to issue bonds to support the expenditures associated with its Capital Improvements Program. In order to minimize the cost of carrying debt, the District has instituted the practice of issuing bonds based on actual expenditures, in some cases, as well as on the annual amount budgeted. However, agencies are authorized to spend their annual appropriated capital budget in advance of financing. The General Fund advances the amount of the funding, and is repaid with the proceeds from the bonds when issued. This allows the District to determine when it will enter the market to issue bonds, based upon cash flow needs, favorable market rates, the total amount of municipal debt financing and the types of credits that are available. This flexibility helps to minimize borrowing costs and maximize the pool of potential investors for the District's debt issuances.

Proprietary Funds

The District has two major Proprietary Funds: the District of Columbia Lottery and Charitable Games Control Board (Lottery), and the Unemployment Compensation Fund (Unemployment).

The total assets for the Lottery decreased by $417, or 2.17%, compared to the prior year, due to scheduled payments to long-term prize winners.

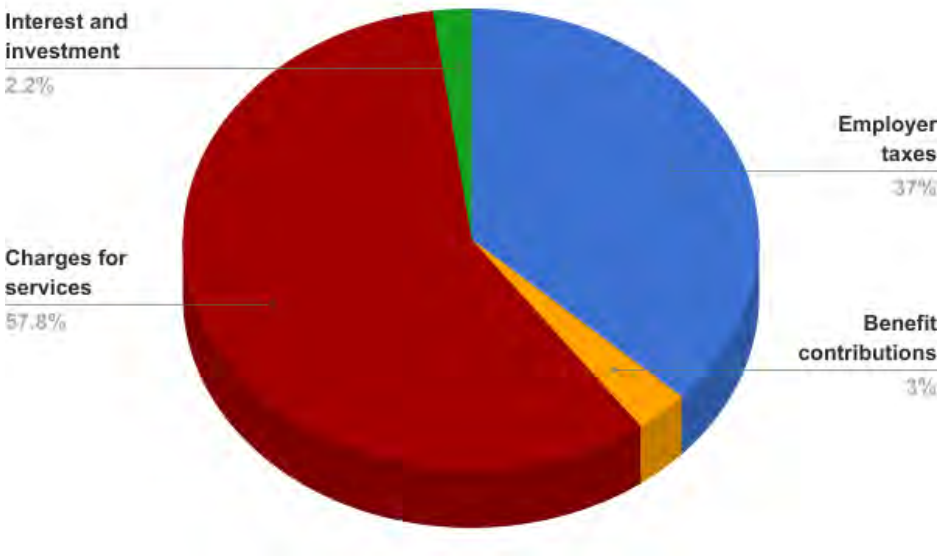
Total assets for Unemployment increased by $47,928, or 12.97%, due primarily to cash receipts from employer taxes and governmental agencies exceeding the unemployment benefits payments.

Overall total net position of the District's proprietary funds increased by $51,828, or 16.35%, over the prior year. Exhibits 3-a, 3-b, and 3-c on pages 50 through 52 present the financial statements of the proprietary funds.

Charts MDA-3 and MDA-4 graphically present comparisons of the revenues and expenses of the District's proprietary funds, based on information contained in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, shown on page 51 of this report.

Chart MDA-3 – Operating Revenues and Expenses – Business-Type Activities

Chart MDA-4 – Revenues by Source – Business-Type Activities



Employer taxes	$ 145,887
Benefit contributions	12,028
Charges for services	228,183
Interest and investment	8,532
Total Business-Type	**$ 394,630**

Fiduciary Funds

The *Trust and Agency Funds* are used to account for assets held by the District as trustee for individuals, private organizations, or other governments. The District is the *trustee* or *fiduciary* for its employees' pension plans and other postemployment benefits (OPEB). All fiduciary activities are reported in Exhibit 4-a, *Statement of Fiduciary Net Position* and Exhibit 4-b, *Statement of Changes in Fiduciary Net Position* on pages 53 and 54 respectively. Exhibits C-1, C-2, and C-3, presented on pages 160, 161, and 162 respectively, provide additional information. These activities are excluded from the District's governmental and business-type activities because resources of fiduciary funds are restricted and are not available to support the District's operations. The changes in the net position of the Pension and OPEB Trust Funds are presented in **Table MDA-7.**

Net position of the fiduciary funds increased mainly as a result of higher investment returns in fiscal year 2016.

Table MDA-7 – Variances in Net Position of Pension and OPEB Trust Funds

Trust Fund	2016	2015	Dollar Variance	Percentage Variance
Police and Firefighters Pension	$ 4,954,631	$ 4,461,998	$ 492,633	11.04%
Teachers Pension	1,821,949	1,670,638	151,311	9.06%
Other Postemployment Benefits	1,197,441	1,076,551	120,890	11.23%
Total Net Assets	**$ 7,974,021**	**$ 7,209,187**	**$ 764,834**	10.61%

Private-purpose trust funds are used to report any trust arrangement not reported in the Pension or OPEB Trust Funds under which principal and income benefit specific individuals, private organizations, or other governments. The District's 529 College Savings Investment Plan, which is designed to help families save for the higher education expenses of designated beneficiaries, comprises the Private-Purpose Trust Fund.

Component Units

Discretely presented component units are legally separate organizations that meet the following criteria: (a) the District appoints a voting majority of the entity's governing board and (b) there is a financial benefit/burden relationship between the District and

the entity or the District is able to impose its will on the entity. Consistent with these criteria, the District reports five discretely presented component units: (1) Health Benefit Exchange Authority; (2) Washington Convention and Sports Authority (t/a Events DC); (3) Not-For-Profit Hospital Corporation (d/b/a United Medical Center); (4) Housing Finance Agency; and (5) University of the District of Columbia.

Other component units have operations that are so intertwined with those of the primary government that they function, for all practical purposes, as an integral part of the primary government. These are reported as blended component units. A component unit should be blended when the primary government and the component unit share a common governing body and (a) there is a financial benefit or burden relationship between the primary government and the entity, or (b) the primary government has operational responsibility for the entity. In addition, blending is required when the component unit either: (a) provides service entirely or almost entirely to the primary government; or otherwise exclusively or almost exclusively benefits the primary government, although it does not provide services directly to it; or (b) the entity's total debt outstanding is expected to be repaid entirely or almost entirely with District resources.

The District reports one blended component unit, the Tobacco Settlement Financing Corporation (Tobacco Corporation). The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources which constitutes a benefit/burden relationship; and (c) the District has the ability to modify or approve the Tobacco Corporation's budget, which gives the District the ability to impose its will on the Tobacco Corporation. In addition, the Tobacco Corporation provides services entirely to the District.

Each of the component units prepares its own independently audited financial statements, which are accompanied by their respective Management's Discussion and Analysis. Exhibits 5-a and 5-b on pages 55 and 56 respectively, present more detailed financial information on the District's component units.

Short-Term Debt

The District issues short-term debt primarily to finance seasonal cash flow needs. This need occurs due to time lags between the receipt of taxes, grants and other revenues, and the outflow of funds for governmental operations and required disbursements. The District issued $250,000 in Tax Revenue Anticipation Notes (TRANs) on December 2, 2015, at an interest rate of 1.50%. The District is required by law to repay any short-term debt in its entirety by September 30 of the fiscal year in which the debt was incurred. Accordingly, by September 30, 2016, the District had repaid these outstanding TRANs.

Historically, during the first quarter of each fiscal year, the District has issued TRANs to fund seasonal cash flow needs for that year. Due to the District's improved cash management practices and the build-up of reserves, the use of short-term borrowing to sustain operations during fiscal year 2017 was not needed.

Long-Term Debt

The District is empowered by law (Section 461 of the District of Columbia Home Rule Act, as amended) to issue general obligation bonds for the payment of the costs of acquiring capital assets or undertaking various capital projects and to refund indebtedness of the District. The District also issues income tax secured revenue bonds pursuant to the Bond Authorization Act of 2008 (D.C. Code §§ 47-340.26 to 47-340.36). The payment of principal and interest on these bonds comes solely from the associated trust estate and the available pledged tax revenues. The income tax secured revenue bonds are without recourse to the District, and are not a pledge of, and do not involve the full faith and credit or the taxing power of the District.

The District also issues, on a less frequent basis, other types of long-term debt, including Tax Increment Financing (TIF) Bonds, Housing Production Trust Bonds (HPTF), Qualified Zone Academy Bonds (QZAB), and other revenue bonds.

As of September 30, 2016, the District had $11,146,214 (including business activities) in long-term debt outstanding, of which $9,567,004, or 85.83% was in the form of bonds. Of the outstanding bonds, $3,829,305, or 40.03%, were General Obligation Bonds, and $4,240,155, or 44.32%, were Income Tax Secured Revenue Bonds. **Table MDA-8** presents the District's outstanding bonds as of September 30, 2016.

Table MDA-8 – Outstanding Bonds as of September 30, 2016 and 2015

Outstanding Bond Debt				
Type of Bonds	2016	2015	Dollar Variance	Percentage Variance
General Obligation Bonds	$ 3,829,305	$ 3,530,770	$ 298,535	8.46%
Income Tax Secured Revenue Bonds	4,240,155	4,327,855	(87,700)	(2.03%)
Other Bonds:				
Qualified Zone Academy Bonds	3,845	4,791	(946)	(19.75%)
Tobacco Bonds	600,974	616,404	(15,430)	(2.50%)
TIF Bonds	96,822	100,895	(4,073)	(4.04%)
Ballpark Bonds	371,305	467,360	(96,055)	(20.55%)
GARVEE Revenue Bonds	97,420	104,395	(6,975)	(6.68%)
HPTF Bonds	112,965	115,565	(2,600)	(2.25%)
PILOT Revenue Bonds	214,213	215,647	(1,434)	(0.66%)
Total	**$ 9,567,004**	**$ 9,483,682**	**$ 83,322**	**0.88%**

The $298,535 increase in General Obligation Bonds is due primarily to the following bond issuance made in fiscal year 2016:

- In June 2016, the District issued $431,815 in General Obligation Bonds, Series 2016A. The proceeds of the Series 2016A Bonds were used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Bonds. The interest rates pertaining to the Series 2016A Bonds range between 1.75% and 5.00%.

The District also issued $95,575 in Income Tax Secured Revenue Refunding Bonds, Series 2015A, in November 2015. The proceeds of the Series 2015A Bonds were used to: (a) currently refund $39,900 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate) maturing on December 1, 2015, (b) currently refund $55,220 of the District's Income Tax Secured Revenue Refunding, Series 2011E (Adjusted SIFMA Rate) maturing December 1, 2015 and (c) pay the costs and expenses of issuing and delivering the Series 2015A Bonds. The Series 2015A Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which equal the SIFMA rate plus 0.12% (12 basis points).

In fiscal year 2016, the District paid $96,055 toward the Ballpark Revenue Bonds, Series 2006A and 2006B-1. The District's payment includes $88,130 in addition to the minimum annual debt service requirement, as a result of collecting increased Ballpark Revenue Bonds dedicated revenues.

For more detailed information on the District's long-term debt activity, refer to Note 8, Long-Term Liabilities, found on pages 109 through 119.

Capital Assets

The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by transfers, capital grants, and debt. Capital assets include, but are not limited to: land, buildings, police and fire equipment, office equipment, park facilities, roads, and bridges. In fiscal year 2016, total net capital assets (capital assets less depreciation) increased by $515,026, or 4.32%, over the prior year. Total overall capital assets has continued to increase because the District has been investing resources in the construction of new assets and the rehabilitation of existing infrastructure, such as roads, streets, and bridges.

As of September 30, 2016, total net capital assets (capital assets less depreciation) was $12,432,219. Net capital assets of the governmental activities totaled $12,431,889 and the net capital assets of the business-type activities totaled $330. The governmental activities depreciation charges for fiscal year 2016 totaled $413,125 compared to the prior year's amount of $391,147. **Table MDA-9** presents more detailed information on the District's net capital assets.

Table MDA-9 – Net Capital Assets as of September 30, 2016

Asset Category	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 948,412	$ 933,835	$ -	$ -	$ 948,412	$ 933,835
Buildings	6,425,147	5,991,316	-	-	6,425,147	5,991,316
Infrastructure	3,523,083	3,324,697	-	-	3,523,083	3,324,697
Equipment	315,339	341,558	330	169	315,669	341,727
Construction in progress	1,219,908	1,325,618	-	-	1,219,908	1,325,618
Total net capital assets	**$ 12,431,889**	**$ 11,917,024**	**$ 330**	**$ 169**	**$ 12,432,219**	**$ 11,917,193**

Note: For more detailed information on the District's capital asset activity, refer to Note 5, Capital Assets, found on pages 98 through 102.

REPORTING THE DISTRICT BUDGET

Overview in Brief

D.C. Code § 47-392.01(c) (1) (A) requires the District to prepare a balanced budget each year. After approval of the adopted budget, the Mayor submits the Federal Portion Budget Request Act to the President of the United States (the President) and then to Congress for approval. The Local Budget Act is forwarded by the Chairman of the Council to Congress. Congress can: (1) take no action on the Budget Act, in which case it becomes law after 30 Congressional days in the same manner as other District legislation; (2) reject the Budget Act; (3) affirmatively approve the Budget Act with or without Congressional amendments; or (4) adopt an appropriation for the District in the federal appropriations bill, in a continuing resolution, or as a stand-alone piece of legislation, in which case, that action controls.

The Chief Financial Officer is responsible for forecasting revenue for the District government. Each February, the Chief Financial Officer issues the official revenue estimate that is used to develop the District's budget for the next fiscal year. This estimate is revised as the new fiscal year begins and is periodically reviewed and adjusted at regular intervals throughout the fiscal year to reflect current economic trends and outlook, new legislative mandates, and other similar factors. As the revenue estimates are revised, the District's expenditure budget may also be revised to be consistent with the updated revenue estimates.

General Fund Budgetary Highlights

The General Fund is the chief budgetary operating fund of the primary government. **Table MDA-10** presents variances between revised budget amounts and actual expenditures in a Schedule of Budgetary Basis Revenues and Expenditures for the General Fund for the fiscal year ended September 30, 2016.

Table MDA-10 – Schedule of General Fund Budgetary Basis Revenues and Expenditures

	Original Budget	Revised Budget	Actual	Variance
Revenues and Other Sources:				
Taxes	$ 6,756,594	$ 6,718,502	$ 7,050,284	$ 331,782
Licenses and permits	77,667	85,960	90,432	4,472
Fines and forfeitures	136,616	151,536	197,439	45,903
Charges for services	75,429	78,365	80,251	1,886
Miscellaneous	95,375	106,221	140,886	34,665
Other sources	587,345	463,547	533,557	70,010
Bond proceeds	6,000	6,000	2,600	(3,400)
Fund balance released from restrictions	121,079	402,830	63,812	(339,018)
Interfund transfer from lottery and games	62,500	55,000	53,287	(1,713)
Interfund transfer - others	66,410	80,492	27,216	(53,276)
Total revenues and other sources	7,985,015	8,148,453	8,239,764	91,311
Expenditures and Other Uses:				
Governmental direction and support	756,798	775,065	761,189	13,876
Economic development and regulation	440,032	493,807	470,338	23,469
Public safety and justice	1,158,185	1,231,093	1,227,294	3,799
Public education	1,908,453	1,948,880	1,933,142	15,738
Human support services	1,913,748	1,877,617	1,855,731	21,886
Public works	735,893	710,223	698,217	12,006
Repay bonds and interest	614,323	574,955	571,900	3,055
Other expenditures and uses	443,251	432,729	420,785	11,944
Total expenditures and other uses	7,970,683	8,044,369	7,938,596	105,773
Excess of Revenues and Other Sources Over Expenditures and Other Uses -Budgetary Basis	$ 14,332	$ 104,084	$ 301,168	$ 197,084

Revenues and Other Sources

As presented in **Table MDA-10**, actual General Fund revenues and other sources were $91,311 more than the revised budget. This variance was primarily due to excess revenues being generated and as a result, the planned use of fund balance to fund certain activities was not necessary.

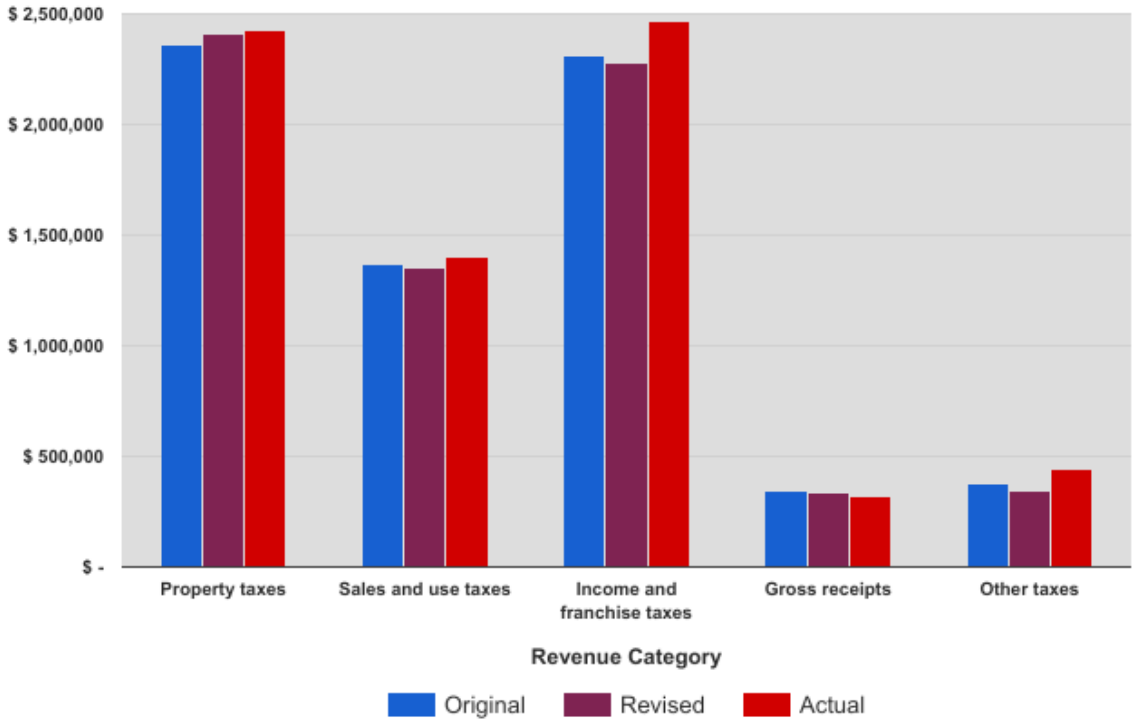
Fund Balance Released from Restrictions - Fund balance released from restrictions represents the portion of assets that were restricted for either a period of time or for a particular purpose for which the imposed conditions have been met, allowing the assets to become available for use. In other words, this amount of fund balance was used to finance current year's operations. As shown in **Table MDA-10**, actual fund balance released from restrictions was

$339,018 less than anticipated for fiscal year 2016.

Approximately 85.56% of the General Fund's revenues and other sources are derived from taxes. **Chart MDA-5** graphically presents differences between the General Fund's original budget, final revised budget and actual revenues (by type of tax) for fiscal year 2016.

Chart MDA-5 – Budgetary Comparison – Tax Revenues

Budgetary Comparison for FY 2016
(Original and Revised Budgets With Actual Results)
Tax Revenues Only



Expenditures and Other Uses

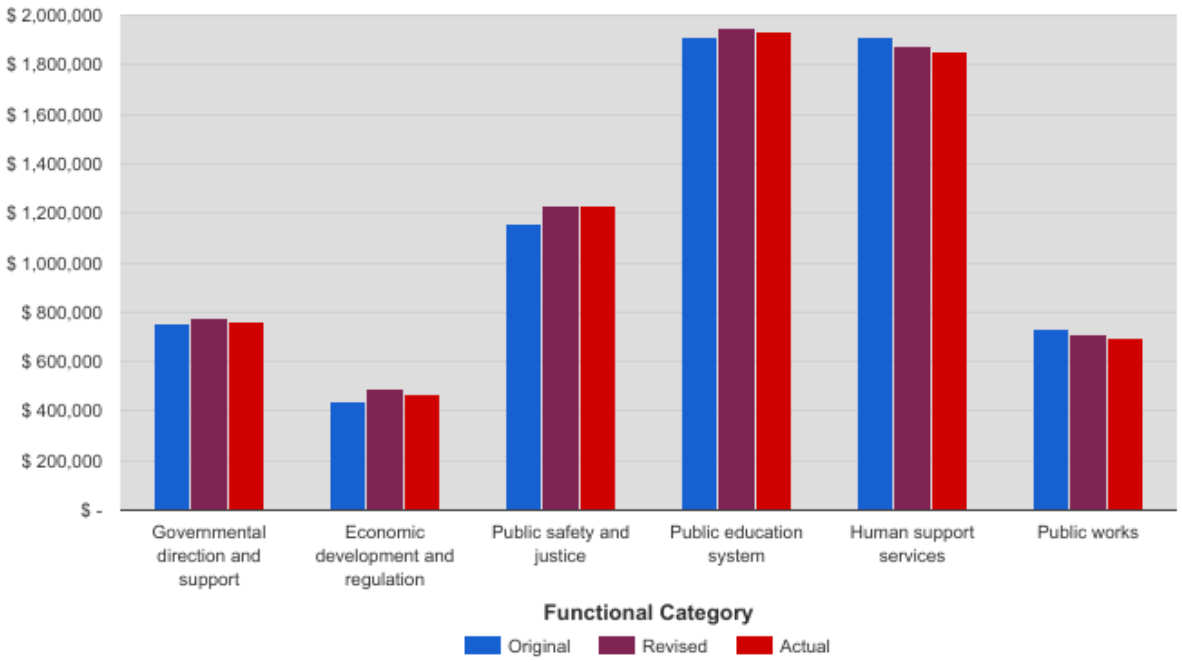
Actual General Fund expenditures and other uses were $105,773 less than the revised budget. As presented in **Table MDA-10**, this variance was primarily due to underspending in the areas of Economic Development and Regulation, Human Support Services, Governmental Direction and Support, and Public Education.

Approximately 63% of the General Fund's expenditures were in the areas of Human Support Services, Public Education, and Public Safety and Justice combined.

Chart MDA-6 graphically presents differences between the General Fund's original budget, revised budget, and actual expenditures (by functional category) for fiscal year 2016.

Chart MDA-6 – General Fund Expenditures (by Function)

Budgetary Comparison for FY 2016
(Original and Revised Budgets With Actual Results)
General Fund



For more detailed information, refer to the budgetary schedules for the General Fund, Exhibits A-4 to A-6 which are presented on pages 151 through 153.

SUBSEQUENT EVENTS

General Obligation Bonds

In December 2016, the District issued $398,910 in General Obligation Bonds, Series 2016D and $190,635 in General Obligation Refunding Bonds, Series 2016E. The proceeds of the Series 2016D Bonds will be used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2016D Bonds. The proceeds of the Series 2016E Bonds will be used to: (1) advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007C and (2) pay the costs and expenses of issuing and delivering the Series 2016E Bonds. The assumed interest rate pertaining to the Series 2016D is 3.00% at the first maturity date of June 1, 2019, then 5.00% to the end of the bond term. The interest rate related to the Series 2016E Bonds is 5.00%.

General Obligation Direct Purchase Bonds

In November 2016, the District issued $190,145 in Multimodal General Obligation Refunding Bonds, Series 2016B and $224,315 in Series 2016C. The Series 2016B Bonds were issued to currently refund the Multimodal General Obligation Bonds, Series 2014A and the Income Tax Secured Revenue Bonds (SIFMA Notes), Series 2015A. The Series 2016C Bonds were issued to currently refund the Multimodal General Obligation Refunding Bonds, Series 2014B. The Series 2016B and 2016C Multimodal General Obligation Refunding Bonds were issued in the LIBOR Index Mode as authorized under the Ninth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated as of November 1, 2016. The interest on the bonds is payable monthly on the first business day of each month, commencing December 1, 2016.

These and other subsequent events are presented in more detail in Note 16, found on pages 137 through 138.

CONTACTING THE DISTRICT'S OFFICE OF THE CHIEF FINANCIAL OFFICER

This CAFR is designed to provide the District's citizens, taxpayers, customers, vendors, investors, and creditors with a general overview of the District's finances and to demonstrate the effectiveness of the District's systems of accountability for the money it receives. If you have any questions regarding this report, suggestions for improvement, or need additional financial information, please contact:

Office of the Chief Financial Officer
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 209
Washington, DC 20004
(202) 727-2476
www.cfo.dc.gov

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BASIC FINANCIAL STATEMENTS

The basic financial statements include the *Government-Wide Financial Statements, Governmental Fund Financial Statements, Proprietary Fund Financial Statements, Fiduciary Fund Financial Statements* and the *Component Unit Financial Statements*. These financial statements present different views of the District.

Following the basic financial statements are the *Notes to the Basic Financial Statements* which explain some of the information in the financial statements and provide more detail.

Exhibit 1-a

District of Columbia
Statement of Net Position
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	Primary Government				
	Governmental Activities	Business-Type Activities	Totals 2016	Totals 2015	Component Units
ASSETS					
Cash and cash equivalents	$ 1,493,011	$ 12,375	$ 1,505,386	$ 1,740,119	$ 181,671
Investments	-	-	-	-	158,445
Due from federal government	459,030	600	459,630	555,834	-
Taxes receivable, net	380,407	-	380,407	324,997	-
Accounts receivable, net	251,602	13,677	265,279	202,257	34,084
Other receivables	-	-	-	-	18,598
Due from primary government	-	-	-	-	20,108
Due from component units	25,793	-	25,793	17,502	-
Due from fiduciary funds	2,017	-	2,017	1,595	349
Internal balances	21,476	(21,476)	-	-	-
Inventories	11,633	-	11,633	16,486	1,717
Other current assets	4,281	4	4,285	3,476	71,795
Derivative instrument assets	513	-	513	605	-
Cash and cash equivalents (restricted)	1,569,038	406,596	1,975,634	2,069,833	176,914
Investments (restricted)	123,032	2,336	125,368	95,604	371,766
Other long-term assets	270,438	-	270,438	264,067	1,031,776
Net pension assets	279,069	-	279,069	78,585	-
Depreciable capital assets, net	10,263,569	330	10,263,899	9,657,740	840,441
Non-depreciable capital assets	2,168,320	-	2,168,320	2,259,453	36,116
Total assets	17,323,229	414,442	17,737,671	17,288,153	2,943,780
DEFERRED OUTFLOWS OF RESOURCES					
Derivative instrument - hedge	51,806	-	51,806	53,571	-
Pension	401,591	-	401,591	533,423	-
Advance refunding loss	5,747	-	5,747	6,375	14,729
Total deferred outflows of resources	459,144	-	459,144	593,369	14,729
Total assets and deferred outflows of resources	17,782,373	414,442	18,196,815	17,881,522	2,958,509
LIABILITIES					
Accounts payable	760,548	33,504	794,052	817,563	41,649
Compensation payable	136,106	241	136,347	205,825	17,134
Due to primary government	-	-	-	-	25,793
Due to component units	20,108	-	20,108	37,419	-
Unearned revenues	227,111	81	227,192	223,273	14,807
Accrued liabilities	282,759	9,086	291,845	468,582	16,614
Accrued interest payable	147,329	-	147,329	142,447	-
Other current liabilities	63,999	-	63,999	58,614	153,824
Derivative instrument liabilities	51,806	-	51,806	53,571	-
Net pension liabilities	242,189	-	242,189	280,173	-
Long-term liabilities:					
Due within one year	564,378	807	565,185	534,372	88,688
Due in more than one year	10,579,057	1,972	10,581,029	10,600,390	1,681,660
Total liabilities	13,075,390	45,691	13,121,081	13,422,229	2,040,169
DEFERRED INFLOWS OF RESOURCES					
Capital lease gain	31,735	-	31,735	33,712	-
Pension	228,581	-	228,581	9,210	-
Total deferred inflows of resources	260,316	-	260,316	42,922	-
Total liabilities and deferred inflows of resources	13,335,706	45,691	13,381,397	13,465,151	2,040,169
NET POSITION					
Net investment in capital assets	2,835,463	330	2,835,793	2,639,238	488,411
Restricted for:					
Expendable					
Pension	209,890	-	209,890	322,625	-
Debt service	498,030	-	498,030	397,557	-
Benefit payments	-	364,237	364,237	312,483	-
Capital projects	68,324	-	68,324	102,320	-
Grants and special purposes	160,142	-	160,142	167,215	-
Budget reserves	21,664	-	21,664	24,598	-
Purpose restriction	95,774	-	95,774	144,146	-
Emergency reserves	387,065	-	387,065	366,249	-
FEMS Settlement	-	-	-	47,000	-
Other	-	-	-	23,099	229,356
Nonexpendable	-	-	-	-	15,866
Unrestricted (deficit)	170,315	4,184	174,499	(130,159)	184,707
Total net position	$ 4,446,667	$ 368,751	$ 4,815,418	$ 4,416,371	$ 918,340

The accompanying notes are an integral part of this statement.

Exhibit 1-b

District of Columbia
Statement of Activities
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fines & Forfeits	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Totals 2016	Primary Government: Totals 2015	Component Units
Governmental activities:									
Governmental direction and support	$ 1,228,553	$ 76,358	$ 36,903	$ -	$ (1,115,292)		$ (1,115,292)	$ (1,005,807)	
Economic development and regulation	548,314	172,898	63,129	-	(312,287)		(312,287)	(246,151)	
Public safety and justice	1,799,670	157,997	443,222	-	(1,198,451)		(1,198,451)	(1,145,016)	
Public education system	2,271,561	1,281	359,976	-	(1,910,304)		(1,910,304)	(1,935,304)	
Human support services	4,507,123	6,621	2,648,291	32,252	(1,819,959)		(1,819,959)	(1,974,541)	
Public works	701,559	183,592	25,570	135,696	(356,701)		(356,701)	(316,288)	
Public transportation	359,097	-	-	-	(359,097)		(359,097)	(335,703)	
Interest on long-term debt	392,638	-	-	-	(392,638)		(392,638)	(404,130)	
Total governmental activities	11,808,515	598,747	3,577,091	167,948	(7,464,729)		(7,464,729)	(7,362,940)	
Business-type activities:									
Lottery and games	174,882	228,183	-	-		$ 53,301	53,301	55,733	
Unemployment compensation	114,633	-	12,028	-		(102,605)	(102,605)	(104,706)	
Total business-type activities	289,515	228,183	12,028	-		(49,304)	(49,304)	(48,973)	
Total primary government	$ 12,098,030	$ 826,930	$ 3,589,119	$ 167,948	(7,464,729)	(49,304)	(7,514,033)	(7,411,913)	
Component units:									
Health benefit exchange	$ 33,106	$ -	$ 31,191	$ -					$ (1,915)
Convention center	131,334	30,430	-	-					(100,904)
Not-for-profit hospital corporation	125,589	118,622	1,300	20,113					14,446
Housing finance	63,113	37,591	-	-					(25,522)
University	149,668	34,230	26,151	15,357					(73,930)
Total component units	$ 502,810	$ 220,873	$ 58,642	$ 35,470					(187,825)
General revenues:									
Taxes:									
Property taxes					2,504,617	-	2,504,617	2,315,693	-
Sales and use taxes					1,451,441	-	1,451,441	1,425,525	-
Income and franchise taxes					2,417,206	-	2,417,206	2,316,727	-
Gross receipts taxes					365,305	-	365,305	361,293	-
Other taxes					498,161	145,887	644,048	677,755	-
Investment earnings					11,601	8,532	20,133	13,521	8,744
Miscellaneous					510,330	-	510,330	406,914	98,178
Subsidy from primary government					-	-	-	-	205,493
Transfer in (out)					53,287	(53,287)	-	-	-
Total general revenues and transfers					7,811,948	101,132	7,913,080	7,517,428	312,415
Change in net position					347,219	51,828	399,047	105,515	124,590
Net position at October 1, as restated					4,099,448	316,923	4,416,371	4,310,856	793,750
Net position at September 30					$ 4,446,667	$ 368,751	$ 4,815,418	$ 4,416,371	$ 918,340

The accompanying notes are an integral part of this statement.

Exhibit 2-a

District of Columbia
Balance Sheet
Governmental Funds
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds 2016	Total Governmental Funds 2015
ASSETS							
Cash and cash equivalents	$ 1,493,011	$ -	$ -	$ -	$ -	$ 1,493,011	$ 1,729,830
Due from federal government	7,143	398,579	-	53,308	-	459,030	555,039
Taxes receivable, net	376,562	-	-	-	3,845	380,407	324,997
Accounts receivable, net	205,200	8,473	258	-	37,671	251,602	186,547
Due from component units	24,596	-	-	-	1,197	25,793	17,502
Due from other funds	348,942	21,666	5,581	-	7,785	383,974	315,736
Inventories	11,631	2	-	-	-	11,633	16,486
Other current assets	3,154	1,107	-	-	20	4,281	3,474
Cash and cash equivalents (restricted)	885,217	115,880	242,326	25,387	300,228	1,569,038	1,711,930
Investments (restricted)	109,730	-	2,147	-	11,155	123,032	92,182
Other long-term assets	104,852	100,038	54,872	10,676	-	270,438	264,067
Total assets	$ 3,570,038	$ 645,745	$ 305,184	$ 89,371	$ 361,901	$ 4,972,239	$ 5,217,790
LIABILITIES							
Accounts payable	$ 445,782	$ 116,252	$ -	$ 165,931	$ 2,182	$ 730,147	$ 749,584
Compensation payable	124,628	9,959	-	1,445	74	136,106	204,680
Due to other funds	21,725	195,398	-	131,543	11,815	360,481	289,174
Due to component units	16,874	1,026	-	1,464	744	20,108	37,419
Unearned revenue	61,587	100,476	54,873	10,175	-	227,111	223,239
Accrued liabilities	220,100	62,492	-	-	167	282,759	461,332
Other current liabilities	55,021	-	-	7,183	1,795	63,999	58,614
Total liabilities	945,717	485,603	54,873	317,741	16,777	1,820,711	2,024,042
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	235,232	-	-	500	1,546	237,278	201,062
FUND BALANCE							
Nonspendable	11,631	2	-	-	-	11,633	16,486
Restricted	1,030,895	160,140	250,311	-	343,578	1,784,924	1,848,268
Committed	1,325,895	-	-	-	-	1,325,895	1,047,105
Assigned	20,668	-	-	-	-	20,668	80,827
Unassigned	-	-	-	(228,870)	-	(228,870)	-
Total fund balances	2,389,089	160,142	250,311	(228,870)	343,578	2,914,250	2,992,686
Total liabilities, deferred inflow of resources and fund balances	$ 3,570,038	$ 645,745	$ 305,184	$ 89,371	$ 361,901		$ 5,217,790

Amounts reported for governmental activities in the statement of net position (Exhibit 1-a) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			12,431,889
Certain long-term assets are not available to pay current period expenditures and are therefore not recognized as revenues in the funds:			
Unavailable Tax revenue (Exhibit A-1)	$	93,083	
Other General Fund unavailable revenues (Exhibit A-1)		142,149	
Unavailable revenues - General Capital Improvements (Exhibit 2-a)		500	
Unavailable revenues - Nonmajor Funds (Exhibit 2-a)		1,546	
			237,278
Deferred inflow of resources - Capital lease gain (Exhibit 1-a)			(31,735)
Deferred inflow of resources - pension (Exhibit 1-a)			(228,581)
Deferred outflow of resources - pension (Exhibit 1-a)			401,591
Net pension asset (Exhibit 1-a)			279,069
Retainage liability not to be paid with current resources			(30,401)
Advanced refunding loss (Exhibit 1-a)			5,747
Derivative instrument asset (exhibit 1-a)			513
Certain liabilities are not due and payable in the current period:			
General obligation bonds (Note 8, Table N27)	$	3,829,305	
Income tax revenue bonds (Note 8, Table N27)		4,240,155	
Tobacco settlement bonds (Note 8, Table N27)		600,974	
TIF bonds (Note 8, Table N27)		96,822	
Net pension liabilities (Exhibit 1-a)		242,189	
Ballpark bonds (Note 8, Table N27)		371,305	
QZAB (Note 8, Table N27)		3,845	
Accrued interest payable (Exhibit 1-a)		147,329	
Capital leases (Note 8, Table N27)		1,837	
Other long-term liabilities (Note 8, Table N27)		1,999,192	
			(11,532,953)
Net position of governmental activities			$ 4,446,667

The accompanying notes are an integral part of this statement.

Exhibit 2-b

District of Columbia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds 2016	Total Governmental Funds 2015
REVENUES							
Taxes:							
Property taxes	$ 2,470,004	$ -	$ -	$ -	$ 33,887	$ 2,503,891	$ 2,356,327
Sales and use taxes	1,401,058	-	-	-	50,383	1,451,441	1,425,525
Income and franchise taxes	2,464,330	-	-	-	-	2,464,330	2,316,727
Gross receipts taxes	322,150	-	-	-	43,155	365,305	361,293
Other taxes	442,283	-	55,878	-	-	498,161	528,866
Fines and forfeitures	202,314	-	-	-	-	202,314	129,283
Licenses and permits	123,029	-	-	-	-	123,029	119,658
Charges for services	269,998	3,406	-	-	-	273,404	290,020
Investment earnings	7,732	897	84	33	2,855	11,601	5,855
Miscellaneous	370,958	26,555	5,577	7,968	46,105	457,163	414,500
Federal contributions	-	521,828	-	-	-	521,828	554,342
Operating grants	-	3,055,263	-	167,948	-	3,223,211	3,135,295
Total revenues	8,073,856	3,607,949	61,539	175,949	176,385	12,095,678	11,637,691
EXPENDITURES							
Current:							
Governmental direction and support	957,151	40,297	-	-	70,805	1,068,253	1,027,473
Economic development and regulation	404,313	69,149	86,903	-	-	560,365	448,244
Public safety and justice	1,227,558	444,246	-	-	-	1,671,804	1,521,196
Public education system	1,947,968	361,810	-	-	-	2,309,778	2,246,209
Human support services	1,860,387	2,654,260	-	-	-	4,514,647	4,438,448
Public works	339,856	25,581	-	-	-	365,437	354,686
Public transportation	359,097	-	-	-	-	359,097	335,703
Debt service:							
Principal	228,793	-	-	6,975	125,607	361,375	301,001
Interest	362,860	18,361	-	4,795	63,331	449,347	421,549
Fiscal charges	3,588	-	-	-	144	3,732	8,311
Capital outlay	-	-	-	1,083,694	23,545	1,107,239	1,196,394
Total expenditures	7,691,571	3,613,704	86,903	1,095,464	283,432	12,771,074	12,299,214
Excess (deficiency) of revenues over (under) expenditures	382,285	(5,755)	(25,364)	(919,515)	(107,047)	(675,396)	(661,523)
OTHER FINANCING SOURCES (USES)							
Debt issuance	2,600	-	-	429,215	-	431,815	1,034,252
Refunding debt issuance	95,575	-	-	-	-	95,575	231,255
Premium on sale of bonds	-	-	-	84,235	-	84,235	155,540
Payment to refunded bond escrow agent	(95,120)	-	-	-	-	(95,120)	(256,765)
Equipment finance program	-	-	-	11,368	-	11,368	25,590
Transfers in	80,503	-	90,179	144,104	145,676	460,462	358,736
Transfers out	(259,616)	(1,318)	-	(14,082)	(132,159)	(407,175)	(303,150)
Sale of capital assets	15,800	-	-	-	-	15,800	-
Total other financing sources (uses)	(160,258)	(1,318)	90,179	654,840	13,517	596,960	1,245,458
Net change in fund balances	222,027	(7,073)	64,815	(264,675)	(93,530)	(78,436)	583,935
Fund balances at October 1	2,167,062	167,215	185,496	35,805	437,108	2,992,686	2,408,751
Fund balances at September 30	$ 2,389,089	$ 160,142	$ 250,311	$ (228,870)	$ 343,578	$ 2,914,250	$ 2,992,686

The accompanying notes are an integral part of this statement.

Exhibit 2-c

District of Columbia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016
($000s)

Net change in fund balances - total governmental funds		$ (78,436)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays that are capitalized exceeded depreciation expense in the current period.		
Capital outlay capitalized (Note 5, Table N15)	$ 894,154	
Depreciation expense (Note 5, Table N15)	(413,125)	
Capital asset additions (Note 5, Table N15)	42,806	
Transfers/Dispositions (Note 5, Table N15)	(8,970)	
		514,865
Deferred inflows of resources, including property tax revenues which were earned but were not available for the purpose of recognition in the governmental funds were recognized in the government-wide financial statements.		
Current year deferred inflows of resources reported in Exhibit 2-a	237,278	
Prior year deferred inflows of resources	(201,062)	
		36,216
Proceeds from long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which long-term liabilities additions exceeded reductions. (Note 8, Table N44)		
Long-term liabilities additions	(830,416)	
Long-term liabilities reductions	817,882	
		(12,534)
Pension expense reported in statement of activities was adjusted to reflect the difference between the actuarial assumptions and actual performance of the District retirement funds.		
Increase in net pension liabilities - Teachers (Note 9, Table N53)	37,984	
Decrease in net pension assets - Police & Firefighters (Note 9, Table N53)	200,484	
Change in deferred outflows of resources - Teachers (Change in Note 9, Table N55)	(35,224)	
Change in deferred outflows of resources - Police & Firefighters (Change in Note 9, Table N55)	(96,608)	
Change in deferred inflows of resources - Teachers (Change in Note 9, Table N55)	(33,348)	
Change in deferred inflows of resources - Police & Firefighters (Change in Note 9, Table N55)	(186,023)	
		(112,735)
Other adjustments include:		
Advance refunding loss amortization	(628)	
Realized capital lease gain	1,977	
Increase in long-term accrued interest liabilities	(4,877)	
Decrease in retainage payables	3,470	
Other	(7)	
		(65)
Investment income from investment derivative instruments		(92)
Change in net position of governmental activities		$ 347,219

The accompanying notes are an integral part of this statement.

Exhibit 2-d

District of Columbia
Budgetary Comparison Statement
For the Year Ended September 30, 2016
($000s)

	General Fund				Federal and Private Resources				Totals			
	Budget				Budget				Budget			
	Original	Revised	Actual	Variance	Original	Revised	Actual	Variance	Original	Revised	Actual	Variance
Revenues and Sources:												
Taxes:												
Property taxes	$ 2,363,018	$ 2,406,376	$ 2,423,103	$ 16,727	$ -	$ -	$ -	$ -	$ 2,363,018	$ 2,406,376	$ 2,423,103	$ 16,727
Sales and use taxes	1,370,105	1,353,065	1,400,462	47,397	-	-	-	-	1,370,105	1,353,065	1,400,462	47,397
Income and franchise taxes	2,307,388	2,281,628	2,464,330	182,702	-	-	-	-	2,307,388	2,281,628	2,464,330	182,702
Gross receipts and other taxes	716,083	677,433	762,389	84,956	-	-	-	-	716,083	677,433	762,389	84,956
Total taxes	6,756,594	6,718,502	7,050,284	331,782	-	-	-	-	6,756,594	6,718,502	7,050,284	331,782
Licenses and permits	77,667	85,960	90,432	4,472	-	-	-	-	77,667	85,960	90,432	4,472
Fines and forfeitures	136,616	151,536	197,439	45,903	-	-	-	-	136,616	151,536	197,439	45,903
Charges for services	75,429	78,365	80,251	1,886	-	-	-	-	75,429	78,365	80,251	1,886
Miscellaneous	95,375	106,221	140,886	34,665	-	-	-	-	95,375	106,221	140,886	34,665
Other sources	587,345	463,547	533,557	70,010	-	-	-	-	587,345	463,547	533,557	70,010
Bond proceeds	6,000	6,000	2,600	(3,400)	-	-	-	-	6,000	6,000	2,600	(3,400)
Federal contributions	-	-	-	-	95,900	84,406	60,900	(23,506)	95,900	84,406	60,900	(23,506)
Operating grants	-	-	-	-	3,159,158	3,024,983	2,957,956	(67,027)	3,159,158	3,024,983	2,957,956	(67,027)
Fund balance released from restrictions	121,079	402,830	63,812	(339,018)	-	2,863	2,863	-	121,079	405,693	66,675	(339,018)
Interfund transfer-from lottery and games	62,500	55,000	53,287	(1,713)	-	-	-	-	62,500	55,000	53,287	(1,713)
Interfund transfer-others	66,410	80,492	27,216	(53,276)	-	-	-	-	66,410	80,492	27,216	(53,276)
Total revenues and other sources	7,985,015	8,148,453	8,239,764	91,311	3,255,058	3,112,252	3,021,719	(90,533)	11,240,073	11,260,705	11,261,483	778
Expenditures and Other Uses:												
Governmental direction and support	756,798	775,065	761,189	13,876	29,666	28,917	27,035	1,882	786,464	803,982	788,224	15,758
Economic development and regulation	440,032	493,807	470,338	23,469	100,718	77,552	69,840	7,712	540,750	571,359	540,178	31,181
Public safety and justice	1,158,185	1,231,093	1,227,294	3,799	150,404	83,044	80,112	2,932	1,308,589	1,314,137	1,307,406	6,731
Public education system	1,908,453	1,684,623	1,668,885	15,738	319,839	314,268	261,867	52,401	2,228,292	1,998,891	1,930,752	68,139
Public education AY17 expenditure	-	264,257	264,257	-	-	-	-	-	-	264,257	264,257	-
Human support services	1,913,748	1,877,617	1,855,731	21,886	2,588,645	2,533,203	2,522,614	10,589	4,502,393	4,410,820	4,378,345	32,475
Public works	735,893	710,223	698,217	12,006	34,524	27,678	25,612	2,066	770,417	737,901	723,829	14,072
Workforce investments	17,815	-	-	-	-	-	-	-	17,815	-	-	-
Wilson building	4,745	4,503	4,289	214	-	-	-	-	4,745	4,503	4,289	214
Repayment of loans and interest	596,741	560,211	560,211	-	18,262	18,361	18,361	-	615,003	578,572	578,572	-
Repayment of revenue bonds	7,832	7,822	7,822	-	-	-	-	-	7,832	7,822	7,822	-
Debt service - issuance costs	6,000	6,000	2,945	3,055	-	-	-	-	6,000	6,000	2,945	3,055
Interest expense on short-term borrowing	3,750	922	922	-	-	-	-	-	3,750	922	922	-
Settlements and judgments fund	21,292	33,292	32,953	339	-	-	-	-	21,292	33,292	32,953	339
Convention center transfer	125,054	132,304	131,916	388	-	-	-	-	125,054	132,304	131,916	388
Highway transportation fund	22,504	25,332	25,332	-	-	-	-	-	22,504	25,332	25,332	-
Emergency planning and security fund	-	-	-	-	13,000	29,229	14,281	14,948	13,000	29,229	14,281	14,948
Operating lease-equipment	48,413	38,914	38,914	-	-	-	-	-	48,413	38,914	38,914	-
Pay-as-you-go capital fund	72,466	144,105	144,105	-	-	-	-	-	72,466	144,105	144,105	-
Schools modernization fund	14,276	14,276	14,276	-	-	-	-	-	14,276	14,276	14,276	-
D.C. retiree health contribution	95,400	29,000	29,000	-	-	-	-	-	95,400	29,000	29,000	-
Non-departmental	21,286	11,003	-	11,003	-	-	-	-	21,286	11,003	-	11,003
Total expenditures and other uses	7,970,683	8,044,369	7,938,596	105,773	3,255,058	3,112,252	3,019,722	92,530	11,225,741	11,156,621	10,958,318	198,303
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	$ 14,332	$ 104,084	$ 301,168	$ 197,084	$ -	$ -	$ 1,997	$ 1,997	$ 14,332	$ 104,084	$ 303,165	$ 199,081

The accompanying notes are an integral part of this statement.

Exhibit 3-a

District of Columbia
Statement of Net Position
Proprietary Funds
September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2016	Totals 2015
ASSETS				
Current assets:				
Cash and cash equivalents	$ 12,375	$ -	$ 12,375	$ 10,289
Due from federal government	-	600	600	795
Accounts receivable, net	3,770	9,907	13,677	15,710
Due from other funds	-	419	419	536
Other current assets	4	-	4	2
Cash and cash equivalents (restricted)	-	406,596	406,596	357,903
Total current assets	16,149	417,522	433,671	385,235
Noncurrent assets:				
Investments (restricted)	2,336	-	2,336	3,422
Capital assets, net	330	-	330	169
Total noncurrent assets	2,666	-	2,666	3,591
Total assets	18,815	417,522	436,337	388,826
LIABILITIES				
Current liabilities:				
Accounts payable	2,114	31,390	33,504	34,110
Accrued compensated absences	241	-	241	1,145
Due to other funds	-	21,895	21,895	25,503
Unearned revenues	81	-	81	34
Accrued liabilities	9,086	-	9,086	7,250
Long-term liabilities due within one year	807	-	807	1,160
Total current liabilities	12,329	53,285	65,614	69,202
Noncurrent liabilities:				
Long-term liabilities due in more than one year	1,972	-	1,972	2,701
Total noncurrent liabilities	1,972	-	1,972	2,701
Total liabilities	14,301	53,285	67,586	71,903
NET POSITION				
Net investment in capital assets	330	-	330	169
Restricted - expendable	-	364,237	364,237	312,483
Unrestricted	4,184	-	4,184	4,271
Total net position	$ 4,514	$ 364,237	$ 368,751	$ 316,923

The accompanying notes are an integral part of this statement.

Exhibit 3-b

District of Columbia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2016	Totals 2015
Operating revenues:				
Employer taxes	$ -	$ 145,887	$ 145,887	$ 148,889
Charges for services	228,183	-	228,183	212,495
Benefit contributions	-	12,028	12,028	14,561
Total operating revenues	228,183	157,915	386,098	375,945
Operating expenses:				
Benefits	-	114,633	114,633	119,267
Prizes and other expenses	141,310	-	141,310	125,296
Personnel services	7,249	-	7,249	7,009
Contractual services	26,234	-	26,234	24,323
Depreciation	89	-	89	134
Total operating expenses	174,882	114,633	289,515	276,029
Operating income	53,301	43,282	96,583	99,916
Nonoperating revenues:				
Interest and investment	60	8,472	8,532	7,666
Total nonoperating revenues	60	8,472	8,532	7,666
Income before transfers	53,361	51,754	105,115	107,582
Transfer out	(53,287)	-	(53,287)	(55,586)
Change in net position	74	51,754	51,828	51,996
Net position at October 1	4,440	312,483	316,923	264,927
Net position at September 30	$ 4,514	$ 364,237	$ 368,751	$ 316,923

The accompanying notes are an integral part of this statement.

Exhibit 3-c

District of Columbia
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Lottery and Games	Unemployment Compensation	Totals 2016	Totals 2015
Cash flows from operating activities:				
Cash receipts from customers/employers	$ 229,730	$ 158,680	$ 388,410	$ 376,092
Other cash receipts	80	-	80	98
Cash payments to vendors	(20,803)	-	(20,803)	(19,914)
Cash payments to employees	(7,207)	(2,173)	(9,380)	(14,856)
Cash payments to claimants	-	(116,286)	(116,286)	(123,359)
Other cash payments, including prizes	(146,237)	-	(146,237)	(128,406)
Net cash provided by operating activities	55,563	40,221	95,784	89,655
Cash flows from noncapital financing activities:				
Interfund transfers out	(53,287)	-	(53,287)	(55,586)
Net cash used in noncapital financing activities	(53,287)	-	(53,287)	(55,586)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(250)	-	(250)	(33)
Net cash used in capital and related financing activities	(250)	-	(250)	(33)
Cash flows from investing activities:				
Receipts of interest and dividends	60	8,472	8,532	7,666
Net cash provided by investing activities	60	8,472	8,532	7,666
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,086	48,693	50,779	41,702
Cash and cash equivalents at October 1	10,289	357,903	368,192	326,490
Cash and cash equivalents at September 30	$ 12,375	$ 406,596	$ 418,971	$ 368,192
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 53,301	$ 43,282	$ 96,583	$ 99,916
Depreciation	89	-	89	134
Decrease (increase) in assets:				
Accounts receivable	1,580	570	2,150	266
Other current assets	(2)	195	193	61
Increase (decrease) in liabilities:				
Accounts payable	(388)	(3,826)	(4,214)	(11,534)
Accrued liabilities	767	-	767	651
Unearned revenues	47	-	47	(32)
Other current liabilities	169	-	169	193
Net cash provided by operating activities:	$ 55,563	$ 40,221	$ 95,784	$ 89,655

The accompanying notes are an integral part of this statement.

Exhibit 4-a

District of Columbia
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2016
($000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents (restricted)	$ 88,512	$ 1	$ 61,225
Investments (restricted):			
Equities	4,732,140	308,852	-
Fixed income securities	2,255,957	150,465	-
Real estate	479,380	-	-
Private equity	393,368	-	-
Commodities	41,679	-	-
Accounts receivable	-	180	-
Due from federal government	2,884	-	20,612
Benefit contributions receivable	4,855	-	-
Other receivables	-	-	7,864
Other current assets	23,397	-	-
Total assets	8,022,172	459,498	$ 89,701
LIABILITIES			
Accounts payable	36,408	234	$ 741
Due to component units	-	-	349
Due to other funds	1,866	-	151
Other current liabilities	9,877	-	88,460
Total liabilities	48,151	234	$ 89,701
NET POSITION			
Held in trust for pension, OPEB benefits and other purposes	$ 7,974,021	$ 459,264	

The accompanying notes are an integral part of this statement.

Exhibit 4-b

District of Columbia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2016
($000s)

	Pension/OPEB Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	$ 209,584	$ -
Plan members	66,806	64,753
Total contributions	276,390	64,753
Investment earnings:		
From investment activities		
Net increase in fair value of investments	605,477	31,486
Other revenue	3,435	-
Interest and dividends	80,177	7,593
Total investment gain	689,089	39,079
Less - investment expenses	(19,874)	(3,783)
Net gain from investing activities	669,215	35,296
Net investment gain	669,215	35,296
Other Income	3,843	-
Total additions	949,448	100,049
DEDUCTIONS		
Benefits	166,658	-
Administrative expenses	17,956	1,020
Distributions to participants	-	25,321
Total deductions	184,614	26,341
Change in net position	764,834	73,708
Net position at October 1	7,209,187	385,556
Net position at September 30	$ 7,974,021	$ 459,264

The accompanying notes are an integral part of this statement.

Exhibit 5-a

District of Columbia
Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Not-for-Profit Hospital Corporation	Housing Finance Agency	University of the District of Columbia	Totals 2016	Totals 2015, as restated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 58,262	$ 10,501	$ 37,611	$ 51,036	$ 24,261	$ 181,671	$ 138,346
Investments	-	119,329	-	3,349	35,767	158,445	134,175
Receivables, net:							
Accounts	5,926	2,287	17,372	-	8,499	34,084	23,175
Other	6,077	397	-	6,279	5,845	18,598	14,203
Due from primary government	446	13,161	-	-	6,501	20,108	37,419
Due from fiduciary fund	-	-	241	-	108	349	314
Inventories	-	-	1,717	-	-	1,717	1,460
Other current assets	-	357	2,634	68,090	714	71,795	38,808
Restricted cash	11,878	8,204	-	150,291	6,541	176,914	177,595
Restricted investments	-	231,782	-	117,545	22,439	371,766	312,515
Total current assets	82,589	386,018	59,575	396,590	110,675	1,035,447	878,010
Noncurrent assets:							
Loans receivable	-	-	-	984,210	-	984,210	846,923
Other	-	47,000	262	197	107	47,566	48,091
Total long-term assets	-	47,000	262	984,407	107	1,031,776	895,014
Capital assets, net							
Property and equipment	69,102	521,522	53,600	1,369	194,848	840,441	835,981
Non-depreciable capital assets	-	8,370	14,545	573	12,628	36,116	32,964
Total assets	**151,691**	**962,910**	**127,982**	**1,382,939**	**318,258**	**2,943,780**	**2,641,969**
Deferred Outflows of Resources	**-**	**14,504**	**-**	**225**	**-**	**14,729**	**15,919**
LIABILITIES							
Current liabilities:							
Payables:							
Accounts	20,022	6,273	7,992	625	6,737	41,649	48,545
Compensation	-	1,141	7,483	193	8,317	17,134	19,691
Due to primary government	1,011	2,051	-	-	22,731	25,793	17,502
Accrued liabilities	728	15,884	-	-	2	16,614	16,956
Unearned revenue	-	2,365	-	-	12,442	14,807	15,705
Current maturities	-	19,760	120	68,808	-	88,688	53,733
Other current liabilities	253	8,061	2,789	136,689	6,032	153,824	141,321
Total current liabilities	22,014	55,535	18,384	206,315	56,261	358,509	313,453
Noncurrent liabilities:							
Long-term debt:							
Bonds payable	-	593,439	-	1,072,113	-	1,665,552	1,539,052
Other long-term liabilities	-	4,919	11,189	-	-	16,108	11,633
Total long-term liabilities	-	598,358	11,189	1,072,113	-	1,681,660	1,550,685
Total liabilities	**22,014**	**653,893**	**29,573**	**1,278,428**	**56,261**	**2,040,169**	**1,864,138**
NET POSITION							
Net investment in capital assets	69,102	142,344	67,989	1,942	207,034	488,411	465,278
Restricted - expendable	-	157,294	23,860	36,008	12,194	229,356	177,972
Restricted - nonexpendable	-	-	-	-	15,866	15,866	15,534
Unrestricted	60,575	23,883	6,560	66,786	26,903	184,707	134,966
Total net position	**$ 129,677**	**$ 323,521**	**$ 98,409**	**$ 104,736**	**$ 261,997**	**$ 918,340**	**$ 793,750**

The accompanying notes are an integral part of this statement.

Exhibit 5-b

District of Columbia
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Health Benefit Exchange Authority	Washington Convention and Sports Authority	Not-for-Profit Hospital Corporation	Housing Finance Agency	University of the District of Columbia	Totals 2016	Totals 2015, as restated
Expenses	$ 33,106	$ 131,334	$ 125,589	$ 63,113	$ 149,668	$ 502,810	$ 490,255
Program revenues:							
Charges for services, fees, fines & forfeits	-	30,430	118,622	37,591	34,230	220,873	190,885
Operating grants and contributions	31,191	-	1,300	-	26,151	58,642	81,355
Capital grants and contributions	-	-	20,113	-	15,357	35,470	42,779
Net expense	(1,915)	(100,904)	14,446	(25,522)	(73,930)	(187,825)	(175,236)
General revenues:							
Investment earnings	4	970	-	1,151	6,619	8,744	6,719
Miscellaneous	30,261	22,128	-	31,985	13,804	98,178	105,436
Subsidy from primary government	-	123,551	10,000	-	71,942	205,493	217,698
Total general revenues	30,265	146,649	10,000	33,136	92,365	312,415	329,853
Change in net position	28,350	45,745	24,446	7,614	18,435	124,590	154,617
Net position at October 1, as restated	101,327	277,776	73,963	97,122	243,562	793,750	639,133
Net position at September 30	$ 129,677	$ 323,521	$ 98,409	$ 104,736	$ 261,997	$ 918,340	$ 793,750

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2016

(Dollar amounts expressed in thousands)

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND AND HISTORY OF THE GOVERNMENTAL UNIT

General Operations

Article 1, Section 8, Clause 17 of the United States constitution empowered Congress to establish the seat of government for the United States. Pursuant to the cited Constitutional provisions, the District of Columbia (the District) was established as the nation's capital on July 16, 1790, from territory ceded by Maryland and Virginia.

On January 2, 1975, Congress granted the District a Home Rule Charter, which became effective through the enactment of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198. Pursuant to its charter, the District is a municipal corporation, which operates under an elected Mayor-Council form of government. Accordingly, an Act of the Council, other than a Budget Request Act, becomes law unless Congress and the President of the United States disapprove it after it has been adopted. Citizens residing in the District have the right to vote for the President and Vice-President of the United States but not for members of Congress. The District does, however, have an elected, non-voting Delegate to the United States House of Representatives.

Due to its unique organizational structure (i.e., not part of a state government), the District provides a broad range of services to its residents, including those normally provided by a state. These services include: public safety and protection, fire and emergency medical services, human support and welfare services, public education, and many others.

B. FINANCIAL REPORTING ENTITY

Component Units

A financial reporting entity consists of a primary government and its component units. Accordingly, for financial reporting purposes, the primary government is the District of Columbia, including all of the agencies that make up its legal entity. The criteria used to determine whether organizations are to be included as component units within the District's financial reporting entity are as follows:

- The organization is a legally separate entity.
- The District appoints a voting majority of the organization's board.
- There is a financial benefit/burden relationship between the District and the organization or the District is able to impose its will on the organization.

Organizations meeting the above criteria are included in the District's financial reporting entity as discretely presented component units. Entities which meet any one of the following in addition to the above criteria are considered to be blended component units of the District:

- The organization's governing body is substantively the same as the District's governing body and (1) there is a financial benefit or burden relationship between the District and the organization, or (2) management of the District has operational responsibility for the organization.
- The organization provides services entirely, or almost entirely, to the District, or otherwise exclusively or almost exclusively benefits the District even though it does not provide services directly to it.
- The organization's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with District resources.

Legally separate organizations that do not otherwise meet the criteria for inclusion as a component unit may be included in the financial reporting entity if it is determined that their exclusion would render the financial statements misleading. This determination is based on the nature and significance of the organization's relationship with the District.

Based on the application of the criteria outlined above, the District includes five discretely presented component units in its reporting entity: Health Benefit Exchange Authority, Housing Finance Agency, Not-for-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of Columbia, and Washington Convention and Sports Authority (t/a Events DC). Each of these organizations is a legally separate entity with a governing board that is appointed by the Mayor, with the advice and consent of the Council. In addition, with respect to each of these entities, one or both of the following conditions exists: (a) there is a financial benefit or burden relationship between the District and the organization or (b) the District is able to impose its will on the organization. Each entity's relationship with the District is discussed briefly below:

- **Health Benefit Exchange Authority –** The District has the ability to impose its will on the Health Benefit Exchange Authority because the District is able to approve or modify the entity's budgets and may overrule, veto, or modify certain decisions made by the Authority's governing board (i.e., the awarding of contracts valued at $1 million or more.) In addition, the Council must approve or disapprove the rules adopted by the Authority; therefore, the District has the ability to modify or approve the rates or fees charged by the Authority.
- **Housing Finance Agency –** The District is able to impose its will on the Housing Finance Agency because the Council has the ability to modify the financing for Housing Finance Agency projects and, consequently, has the ability to affect the Agency's budget. In addition, the District has the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

authority to approve or modify rental rates and may overrule certain decisions made by the Agency's Board (i.e., contracts valued at $1 million or more.)

- **Not-For-Profit Hospital Corporation –** There is a financial benefit/burden relationship between the District and the Corporation because the District has assumed the obligation to provide financial support to the Corporation to help sustain the hospital's operations. In addition, the District is able to impose its will on the Corporation because the District has the ability to modify or approve the Corporation's budget.
- **University of the District of Columbia –** A financial benefit/burden relationship exists between the University and the District because the District provides financial support to the University in the form of subsidy payments. In addition, the District is able to impose its will on the University because the District has the ability to approve and/or modify the University's budget.
- **Washington Convention and Sports Authority –** There is a financial benefit/burden relationship between the Washington Convention and Sports Authority and the District because the District is legally obligated or has otherwise assumed the obligation to provide financial support to the Washington Convention and Sports Authority through the transfer of certain dedicated taxes which are linked directly to the hospitality sector. In addition, the District is able to impose its will on the Washington Convention and Sports Authority because the District has the ability to modify or approve the Washington Convention and Sports Authority's budget and the rates or fees charged by that entity.

The financial data for these organizations is presented in a separate column in the government-wide financial statements to emphasize that these entities are legally separate from the District.

The financial statements of each discretely presented component unit may be obtained from the following locations and websites:

Health Benefit Exchange Authority
Executive Director
1225 Eye Street, N.W., Suite 400
Washington, DC 20005
http://hbx.dc.gov

Housing Finance Agency
Executive Director
815 Florida Avenue, N.W.
Washington, DC 20001
http://www.dchfa.org

Not-For-Profit Hospital Corporation
d/b/a United Medical Center
Chief Executive Officer
1310 Southern Avenue, S.E.
Washington, DC 20032
http://oig.dc.gov

University of the District of Columbia
President
Van Ness Campus
4200 Connecticut Avenue, N.W.
Washington, DC 20008
http://www.udc.edu

Washington Convention and Sports Authority
t/a Events DC
General Manager
801 Mount Vernon Place, N.W.
Washington, DC 20001
http://eventsdc.com

The District of Columbia Tobacco Settlement Financing Corporation (the Tobacco Corporation) was created by the Tobacco Settlement Financing Act of 2000 as a special purpose, independent instrumentality of the District government. The Tobacco Corporation, which is legally separate from the District, was established to purchase all of the District's rights, title, and interest in the Master Settlement Agreement executed by participating cigarette manufacturers, states and other jurisdictions. The Tobacco Corporation issued bonds in FY 2001 to finance the purchase of the District's securitized right, title and interest in the tobacco settlement revenues.

The Tobacco Corporation is a blended component unit because: (a) the District appoints the Tobacco Corporation's Board; (b) the District is legally entitled to and can otherwise access the Tobacco Corporation's resources, thereby establishing a benefit/burden relationship; (c) the District has the ability to modify or approve the Tobacco Corporation's budget, thereby, giving the District the ability to impose its will on the Tobacco Corporation; and (d) the Tobacco Corporation provides services entirely to the District.

Separate audited financial statements for the Tobacco Corporation are available at the Office of the Chief Financial Officer, Office of Finance and Treasury, 1101 4th Street, S.W., Suite 800, Washington, DC 20024.

Related Organizations

A related organization is an entity for which the District is accountable because the District appoints a voting majority of its governing board; however, the District is not financially accountable for the organization. The District reports two entities as related organizations: the District of Columbia Housing Authority (Housing Authority) and the District of Columbia Water and Sewer Authority (the Authority), because the Mayor, with the consent and advice of the Council, appoints a majority of the voting members of these organizations' governing boards. However, the District's accountability for these organizations does not extend beyond these appointments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (a) an ongoing financial interest or (b) an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

The District participates with other local jurisdictions in a joint venture to plan, construct, finance and operate a public transit system serving the Metropolitan Washington Area Transit zone, which includes the District of Columbia; the cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park and the counties of Arlington, Fairfax, Loudoun, and Prince William in Virginia; and the counties of Montgomery, Anne Arundel, and Prince George's in Maryland. The Washington Metropolitan Area Transit Authority (WMATA) was created in February 1967 to fulfill the purposes of the joint venture.

Pursuant to P.L. 111-62, which revised the WMATA compact agreement, WMATA is governed by an eight-member board and eight alternates, comprised of two directors and two alternates for Maryland, Virginia, the District of Columbia, and the federal government. The directors and alternates for Maryland are appointed by the Washington Suburban Transit Commission from among its members; for Virginia, by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the Council from its members and mayoral nominees; and for the federal government, by the Administrator for General Services. The District does not have explicit measurable equity interest in the joint venture; accordingly, the District does not include the financial activities of the joint venture in its financial statements. However, condensed financial statements are presented as disclosures. Further information regarding this joint venture is presented in Note 12 found on page 132.

C. BASIS OF PRESENTATION

Government-wide Financial Statements – The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. Because assets of fiduciary funds are held for the benefit of a third-party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide financial statements. Governmental activities of the primary government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The government-wide financial statements are comprised of the following:

- *Statement of Net Position* – The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District's governmental and business-type activities and its discretely presented component units. The District reports all debts and capital assets, including infrastructure, in the government-wide Statement of Net Position. The District reports net position in three distinct categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.
- *Statement of Activities* – The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fines and forfeitures; charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The District also reports depreciation expense (the cost of "using up" capital assets) in the Statement of Activities.

Fund Financial Statements – Fund accounting is used to demonstrate legal compliance and to segregate transactions related to certain District functions or activities. Each fund represents a separate accounting entity and the transactions in each fund are summarized in a separate set of self-balancing accounts which include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenses/expenditures.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

Governmental Funds are used to account for all of the District's general activities. The acquisition, use and balance of the District's expendable financial resources and the related liabilities and deferred inflows of resources (except those accounted for in the proprietary funds and the discretely presented component units) are accounted for in the governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports the following major governmental funds:

- *General Fund* – used to account for all financial resources not accounted for in other funds.
- *Federal and Private Resources Fund* – used to account for proceeds of intergovernmental grants and other federal payments, private grants and private contributions that are legally restricted to expenditure for specified purposes.
- *Housing Production Trust Fund* – used to account for the financial resources which provide financial assistance to a variety of affordable housing programs and opportunities across the District such as: (a) initiatives to build affordable housing; (b) homeownership opportunities for low income families; and (c) preservation of existing federally assisted housing. The Housing Production Trust Fund is administered by the Department of Housing and Community Development.
- *General Capital Improvements Fund* – used to account for the purchase or construction of capital assets financed by operating transfers, capital grants and debt proceeds.

Nonmajor Governmental Funds include four Special Revenue Funds: (1) Tax Increment Financing (TIF) Program Fund; (2) Tobacco Settlement Financing Corporation (TSFC) Fund; (3) PILOT Special Revenue Fund; and (4) Baseball Special Revenue Fund. Other Nonmajor Governmental Funds include the Debt Service Fund, and the Highway Trust Fund.

Proprietary Funds are used to account for activities similar to those found in the private sector. The criteria for inclusion as a proprietary fund include: (a) the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are financed or recovered mostly through user charges; and (b) the determination of net income is necessary or useful for sound financial administration.

The District's proprietary funds include two major proprietary funds which are discussed below:

- *Lottery and Games Fund* – used to account for revenues from lotteries and daily numbers games operated by the District, and from the issuance of licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gaming activities are administered by the District of Columbia Lottery and Charitable Games Control Board.
- *Unemployment Compensation Fund* – used to account for the accumulation of financial resources to be used for benefit payments to unemployed former employees of the District, Federal agencies and private employers in the District. Resources are contributed by private employers at rates fixed by law, and by the federal government on a reimbursable basis. The administrative costs of the program are accounted for in the General Fund.

  Unemployment Insurance in general is a federal-state program that provides temporary benefits to workers who become unemployed through no fault of their own, and who are able and available for work. The benefits paid to unemployed workers reduce the hardship of unemployment, help maintain purchasing power of the unemployed, thereby supporting the local economy, and help to stabilize the workforce so that local workers are available to employers when they are ready to re-employ. The cost of the unemployment insurance program is financed by employers who pay state and federal taxes on part of the wages paid to each employee during a calendar year.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The District reports the following fiduciary funds:

- *Pension and Other Postemployment Benefits Funds* – used to report the activities of the District's retirement funds/systems, which accumulate financial resources for pension benefit payments to eligible District employees and assets that are accumulated and benefits that are paid for postemployment healthcare and life insurance.
- *Private Purpose Trust Fund* – used to report trust arrangements not reported in pension trust funds under which principal and income benefit individuals, private organizations, or other governments. The District uses this fund to account for amounts held in its 529 College Savings Investment Plan, which was established to help families save for qualified college education expenses while also receiving certain tax benefits.
- *Agency Funds* – used to report those resources which are held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient details to constitute a presentation in conformity with U.S. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's financial statements for the year ended September 30, 2015, from which such summarized information was derived.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are prepared in accordance with GAAP applicable to state and local governmental entities as established by the Governmental Accounting Standards Board (GASB).

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Therefore, the Statement of Net Position reports all assets, including receivables regardless of when collected, and capital assets, such as heavy trucks and infrastructure (i.e., highways and bridges), deferred outflows of resources, all liabilities regardless of when payment is due, deferred inflows of resources, and net position.

The Statement of Activities is designed to present the degree to which the direct expenses of a particular function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for goods or services, grant revenues, and fines. Tax revenues are reported separately as general revenues. The Statement of Activities reports: (a) expenses associated with governmental activities; (b) expenses associated with business-type activities; and (c) the expenses of component units. The expenses of the governmental activities include governmental fund expenditures that are not eliminated or reclassified and current year depreciation on capital assets. The effect of interfund activities is eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental Funds

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balance are reported on the balance sheet.

Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues of the governmental funds are recognized in the year they become susceptible to accrual (both measurable and available) to pay current fiscal year liabilities. The District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes, individual and franchise taxes, sales taxes, federal grants and charges for services are significant revenues that are subject to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government. The District accrues income tax revenue net of estimated income tax refunds relating to the fiscal year, that will not be collected or paid until after the fiscal year end.

Service payment expenditures and liabilities such as debt service, compensated absences, claims and judgments, and special termination benefits are recorded in the governmental fund statements only when they mature or become due for payment within the period. Otherwise, such activity is reported in the government-wide financial statements as incurred.

Proprietary Funds, Pension and Other Postemployment Benefits (OPEB) Trust Funds, and Component Units

The proprietary funds, Pension and OPEB Trust Funds, private purpose trust fund, and discretely presented component units are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on their respective statements of net position. Net position of the proprietary funds is segregated into net investment in capital assets, restricted, and unrestricted components. Under the accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of proprietary funds present increases (revenues) and decreases (expenses) in net position. Operating statements of pension and private purpose trust funds present additions and deductions in fiduciary net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The Pension and OPEB Trust Funds recognize additions to net position, derived from various sources, as follows:

- Participants' contributions, when due;
- District contributions, when due and a formal commitment for payment has been made;
- Net investment income, as earned.

Expenditures for benefits and refunds are recognized when due and payable. The Private Purpose Trust Fund recognizes additions to net position when participants' contributions are received.

Revenue Recognition (by Type or Source)

Property Taxes

Property taxes are recognized as revenue in the tax year for which they are levied, provided they are available.

Real property taxes are levied as of October 1 on

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

property values assessed as of the preceding January 1. The tax levy is due and collectible in two equal installments on March 31 and September 15. After these dates, the bill becomes delinquent and the District may assess penalties and interest. Real property taxes attach as enforceable liens on property as of October 1 of the year after levy.

In the District, the personal property tax is self-assessed. Each year, on or before July 31, property owners must file a personal property tax return covering the tax year beginning July 1 and ending June 30 of the next year. The return should report the remaining cost of all tangible personal property as of July 1 that is taxable in the District of Columbia. Property taxes are levied after the returns are filed. If a taxpayer fails to pay the levied taxes when due, the District would have a legal claim to the taxpayer's property. Pursuant to the Clarification of Personal Property Tax Revenue Reporting Act of 2011, the revenue budget for Personal Property Tax is formulated with the understanding that 100% of collections are to be allocated for the year in which the tax was levied.

Other Taxes and Revenues

Sales and use taxes are recognized as revenue when the sales or uses take place. Interest on investments is recognized when earned. Charges for services are recorded as revenues when services are provided.

Intergovernmental Revenues

Intergovernmental revenues are amounts derived through agreements with other governments. In general, these revenues are comprised of contributions and grants made by the federal government to the District. Contributions are recognized as revenue when received. Generally, entitlements and shared revenues are recognized as revenue at the time of receipt or earlier, if measurable and available. Resources arising from grants are usually subject to certain eligibility requirements; therefore, most grant revenues are recognized as revenue only when the conditions of the grant are met. Grant funds received with all eligibility requirements met except for the timing requirement are recorded as deferred inflows of resources.

Supplemental Nutrition Assistance Program (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. The District uses the electronic benefits transfer (EBT) system that allows program beneficiaries to charge their qualifying food purchases, thereby eliminating the need for paper stamps. Revenues and expenditures are reported in the federal and private resources fund when the underlying transaction (the food purchase) occurs.

Revenues Susceptible To Accrual

Revenues which are susceptible to accrual include: taxes, federal contributions and grants, charges for services, and investment income.

Revenues Not Susceptible To Accrual

Licenses, permits, fines, and forfeitures are recorded as revenue when received in cash because they are generally not measurable until received. However, fines that remain unpaid after the allowable grace period or after appeals are denied become susceptible to accrual.

E. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES

Process

On or about March 30th of each year, at the direction of the Council, the Mayor submits to the Council an annual budget for the District of Columbia government, which includes: (1) the budget for the forthcoming fiscal year, commencing October 1, specifying the agencies and purposes for which funds are being requested; (2) an annual budget message; (3) a multi-year plan for all agencies of the District government; and (4) a multi-year capital improvement plan by project for all agencies of the District government. The Council holds public hearings and adopts the budget through passage of a local budget act and a federal portion budget request act. The Mayor may not forward and the Council may not adopt any budget for which expenditures and other financing uses exceed revenues and other financing sources. On or about May 25th of each year, after receipt of the budget proposal from the Mayor, and after the public hearings, the Council adopts the annual budget for the District of Columbia government. The Mayor submits the federal portion budget request act to the President of the United States for transmission by him to Congress. After public hearings, Congress enacts the federal portion of the budget through an appropriations act. The Chairman of the Council submits the local budget request act to the Congress, which then becomes law upon expiration of a 30-day review period.

Appropriations Act

The Consolidated Appropriations Act authorizes District government expenditures at the function level or by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education. In general, after enactment of the annual Appropriations Act by Congress, the District may transmit amendments or supplements to the budget by submitting a request for supplemental appropriation to the President and Congress. However, within certain limits, pursuant to D.C. Code §47-369.02, the District may supplement its General Fund budget by sending notification to Congress not fewer than 30 days in advance of the changes taking place.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to Section 446 of the Home Rule Act (D.C. Code § 1-204.46) and the Reprogramming Policy Act (D. C. Official Code §47- 363)), the District may reallocate budget amounts. The appropriated budget amounts in the Budgetary Comparison Statement (Exhibit 2-d found on page 49) include all approved reallocations and other budget changes. This statement reflects budget to actual comparisons at the function (or appropriation title) level as well as by agency. Actual expenditures and uses may not legally exceed appropriated budgeted expenditures and uses at the function level as shown in this statement. A negative expenditure variance in the budgetary comparison statement for a particular function is a violation of the federal Anti-Deficiency Act (31 U.S.C. §§1341, 1342, 1349, 1351, 1511-1519 (2008)); the District of Columbia Anti-Deficiency Act (D.C. Official Code §§47-355.01-355.08, (2001)); and Section 446 of the Home Rule Act, (D.C. Official Code § 1-204.46). In addition, a negative expenditure variance for a particular agency within an appropriation title is also a violation of the D.C. Anti-Deficiency Act.

The Appropriations Act specifically identifies authorized expenditures but does not specify revenue amounts. The revenue budget is based primarily on the revenue estimates submitted to the President and Congress with the District's budget and is modified as new revenue estimates are issued. If a new revenue estimate indicates a decrease, the District reduces its planned expenditures or takes other steps to rebalance the budget.

By law, for budgeting purposes, the general fund includes the federal and private resources fund as presented in the Budgetary Comparison Statement in Exhibit 2-d found on page 49. The budgetary basis of accounting used to prepare this statement differs from the GAAP basis used to prepare the general fund and federal and private resources fund statements presented in Exhibit 2-b found on page 47 due to the following differences:

- *Basis Differences* – which arise because the basis of budgeting differs from the basis of accounting prescribed by GAAP as indicated in Note 1X on page 77.
- *Entity Differences* – which result from the inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis as indicated in Note 1X on page 77.

Budgetary Controls

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget approved by Congress and the President. The level of budgetary control (i.e., the level at which expenditures and other obligations cannot legally exceed the appropriated amount) is established by function, fund, and agency within the general fund.

Encumbrances

Encumbrance accounting is used in the governmental funds. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the required portion of an appropriation. Encumbrances outstanding at year-end do not constitute expenditures or liabilities for GAAP or budgetary purposes. Encumbered amounts lapse at year-end in the General Fund and may be re-appropriated and re-encumbered as part of the subsequent year's budget. However, encumbered amounts do not lapse at year-end in the Capital Projects Funds or the Special Revenue Funds.

Encumbered amounts at year-end have been included within the restricted fund balance in **Table N60a –** Schedule of FY 2016 Fund Balance found on page 130.

F. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash from the governmental and proprietary funds is pooled unless prohibited by law. The cash management pool is used as a demand deposit account by each participating fund. If a fund overdraws its share of the pooled cash, that fund reports a liability (Due To) to the General Fund, which is deemed to have loaned the cash to the overdrawn fund. The General Fund reports a receivable (Due From) from the overdrawn fund.

The District's cash management pool is considered a cash equivalent. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that changes in interest rates have little or no impact on the value of the securities. For an investment to be considered a cash equivalent, it must have a maturity date no greater than three months after the date it was purchased.

Investments

Cash that is not needed for immediate disbursement is invested to generate investment income. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 2006 (D.C. Official Code §47-351.01, et seq.), and the District's Investment Policy, as adopted in November 2008. As of September 30, 2016, the District invested primarily in securities backed by the U.S. government which included obligations of Government Sponsored Entities (GSEs) that have the explicit and implicit guarantee of the U.S. federal government. Such investments are considered to be cash equivalents if they mature within 90 days after the date of purchase. The Pension Trust Funds are authorized to invest in fixed income, equity securities and other types of investments. Also, the Private Purpose Trust Fund and Other Post-Employment Benefits Funds are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

authorized to invest monies consistent with their respective Investment Policies. Historically, these Funds' investments have been comprised of equities, balanced funds, fixed income securities and other long-term horizon investment securities.

The District's investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is defined by GASB Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that is reasonably available.

Portfolio investments of the Private Purpose Trust Fund are reported at net asset value (NAV), in accordance with GASB Statement No. 72, in the accompanying Statement of Fiduciary Net Position. The stability of the principal portfolio is valued in accordance with the terms of the corresponding funding agreement, inclusive of accrued interest. Security transactions, normally in shares of the underlying funds, are accounted for on the trade date basis. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded on the ex-dividend date.

Money market investments must be in compliance with the requirements of Rule 2a-7 (17 CFR 270.2a-7) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.). Money market investments that meet the criteria established by GASB Statement No. 79 are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date. Cash received as collateral on securities lending transactions and investments made are reported as assets and related liabilities for collateral received.

G. INVENTORY

Inventory reported in the governmental funds consists of materials and supplies held for consumption. Inventory on hand at year-end is stated at cost (generally using the weighted average method). The District utilizes the consumption method to account for inventory whereby materials and supplies are recorded as inventory when purchased and as expenditures/expenses when they are consumed.

Consistent with District practices, inventories of the proprietary funds are to be recorded at the lower of weighted average cost or market. The Not-For-Profit Hospital Corporation is the only component unit which reports inventory recorded at the lower of cost or market. Cost is determined using the first-in-first-out (FIFO) method.

H. RESTRICTED ASSETS

Certain governmental and proprietary fund assets, some assets reported by the component units, and all fiduciary fund assets are restricted as to use by legal or contractual requirements. Any excess of restricted assets, deferred outflows of resources over liabilities, deferred inflows of resources from restricted assets is reported as part of the restricted net position in the government-wide, proprietary, and fiduciary financial statements and as "restricted" fund balance in the governmental fund financial statements, to indicate the portion of the net position or fund balance that is available for restricted purposes only. Restricted assets also include cash deposited in bank accounts legally restricted for certain purposes such as the payment of bond principal and interest.

I. PREPAID ITEMS

Prepaid items are payments made by the District in the current fiscal year for services to be received in the subsequent fiscal year. Such advance payments are recorded as prepaid charges at the time of prepayment and recognized as expenditures/expenses when the related services are received.

In governmental funds, long-term debt premiums/(discounts) and issuance costs are recognized in the current period as other financing sources/(uses) and fiscal charges, respectively. In the government-wide financial statements, long-term debt premiums/(discounts) are capitalized and amortized over the term of the related debt using the interest method and issuance costs are expensed in the period incurred.

J. RECEIVABLES AND PAYABLES

Taxes receivable are taxes levied by the District, including interest and penalties on delinquent taxes, which have not been collected, canceled or abated, less the portion of the receivables estimated not to be collectible. Accounts receivable are amounts owed by customers for goods or services sold. Intergovernmental receivables are amounts owed by other governments to the District.

Accounts payable are amounts owed to vendors for goods or services purchased and received. Intergovernmental payables are amounts owed to other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. TRANSFERS AND OTHER TRANSACTIONS BETWEEN FUNDS

Interfund transactions are categorized as: (a) revenue and expense/expenditure transactions consisting of temporary interfund transactions which include reimbursements and quasi-external transactions; or (b) reallocation of resources, transactions including temporary interfund loans, advances or operating transfers. Reimbursements between funds occur when expenditures/expenses made from one fund are properly applicable to another fund.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due To Other Funds" or "Due From Other Funds." Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances." Short-term amounts owed between the primary government and a discretely presented component unit are classified as "Due To/From Primary Government" and "Due To/From Component Units" on the Statement of Net Position.

Transfers are included in the results of operations of both the governmental and proprietary funds. Accordingly, transfers are reported in the "Other Financing Sources/(Uses)" section of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds and in the "Transfers" section in the Statement of Revenues, Expenses, and Changes in Net Position of the Proprietary Funds.

L. CAPITAL ASSETS

Capital assets, which include property, land, equipment, land improvements, and infrastructure (i.e., roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities or component units columns in the government-wide financial statements and proprietary fund financial statements. All purchased capital assets are stated at cost when historical records are available and at estimated historical cost when no historical records exist.

Assets acquired through capital leases are stated at the lesser of the present value of the lease payments or the fair value of the asset at the date of lease inception. Donated capital assets are reported at their acquisition value on the date received. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability with the counterparty could be liquidated. The cost of maintenance and repairs that do not add to the value of the assets or materially extend their useful lives is not capitalized. Betterments are capitalized as separate assets. Capital asset purchases are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units' financial statements.

Intangible assets are legal rights which lack physical substance; have a useful life of more than one reporting year; meet the capitalization threshold; and are nonfinancial in nature. For financial reporting purposes, the District includes such assets in Construction in Progress (CIP) until completion.

When the construction of assets is financed through the issuance of long-term debt, interest is capitalized in the government-wide financial statements and proprietary funds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred on tax-exempt debt from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capitalization and Depreciation Policies

Capitalized assets have an original cost of $5 (thousand) or more per unit. Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives for capital assets are shown in **Table N1** by class.

Table N1 – Estimated Useful Lives (by Asset Class)

	Useful life
Storm Drains	45 years
Infrastructure	20-40 years
Improvements Other Than Buildings	5-25 years
Buildings	15-60 years
Equipment and Machinery	3-10 years
Furniture and Fixtures	5 years
Vehicles (and Other Mobile Equipment)	5-12 years
Street Cars	30 years
Library Books	5 years
Leasehold Improvements	10 years, not to exceed term of lease

M. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net position by the District that is applicable to a future reporting period. Deferred outflows of resources have a natural debit balance and therefore, increase net position in a manner similar to assets.

N. CAPITAL LEASES

In general, a lease is considered to be a capital lease if it meets any one of the following criteria:

- The lease transfers ownership of the property to

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the lessee at the end of the lease term.
- The lease contains an option to purchase the leased property at a bargain price.
- The lease term is equal to or greater than 75% of the estimated life of the leased property.
- The present value of rental and other minimum lease payments equals or exceeds 90% of the fair value of the leased property less any investment tax credit less executory cost retained by the lessor.

Leased property having elements of ownership is recorded in the government-wide and proprietary fund financial statements. The related obligations, in amounts equal to the present value of future minimum lease payments due during the term of the leases, are also recorded in these financial statements.

O. COMPENSATED ABSENCES

Benefit Accumulation Policies

The District's policy allows employees to accumulate unused sick leave, with no maximum limitation. Annual leave (vacation) may be accumulated up to 240 hours at the end of a calendar year, regardless of the employee's length of service, while there is no limit to the amount of compensatory leave (leave granted to eligible employees in lieu of paid overtime) that may be accumulated.

Recording of Accrual for Accumulated Leave

The District records vacation leave as an expenditure and related liability in the governmental fund financial statements only to the extent that the compensated absences have matured or come due for payment. Accumulated annual leave that has not matured by the end of the current fiscal year is reported in the government-wide financial statements. Accumulated annual leave of the proprietary funds and discretely presented component units is recorded as an expense and liability as the benefits accrue to employees.

The District does not record a liability for accumulated rights to receive sick pay benefits. At the time of retirement, however, unused sick leave can be used to determine employees' years of service. District employees earn sick leave credits that are considered termination payments at the time of retirement. For instance, one month would be added to the years and months of service of retiring District employees who have accumulated 22 days of sick leave regardless as to whether they participate in the Civil Service Retirement System or the District Retirement Program.

The District estimates the potential sick leave credits (termination payments) at fiscal year-end based on the number of employees who are currently eligible for retirement and sick leave payments upon separation, or who are expected to become eligible in the future to receive such payments.

P. LONG-TERM LIABILITIES

Pursuant to Section 603 of the District of Columbia Home Rule Act (D.C. Code § 1-206.03), no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all general obligation debt to exceed 17% of the total General Fund revenues of the fiscal year in which the debt is issued. The legal debt limitation is calculated annually by dividing maximum annual principal and interest by current year total General Fund revenues.

In addition, consistent with the Limitation on Borrowing and Establishment of Operating Cash Reserve Act of 2008 (D.C. Code § 47-335.02), the Council shall not approve a District bond issuance if the applicable annual debt service on the District bond issuance would cause the debt service on all District bonds in the fiscal year in which the District bonds are issued, or in any of the five succeeding fiscal years, to exceed 12% of General Fund expenditures in any applicable fiscal year.

General obligation bonds, revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term indebtedness of the District, such as disability compensation, compensated absences, employee separation incentives and accreted interest liabilities, which have been incurred but not financed, are reported in the government-wide financial statements. Such obligations are to be paid through the District's General Fund.

The District began paying principal on its 2002 Mandarin TIF Capital Appreciation Bonds (CABs) on July 1, 2002, and will make such payments annually until July 1, 2021. The CABs accrete to their full value at maturity. Interest is accreted and compounded semi-annually using rates ranging from 5.66% to 5.91%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

The 2006 Tobacco CABs scheduled principal payment dates are June 2046 and June 2055. There are no periodic interest payments due. The CABs accrete to their full value at maturity. Interest is accreted annually using rates ranging from 6.25% to 7.25%. Accreted interest is calculated throughout the maturity periods of the bonds and is recorded in the government-wide financial statements. The accreted value of such bonds is the current value, plus the interest that has been accumulating on the bonds.

Q. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net position by the District that is applicable to a

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

future reporting period. Deferred inflows of resources have a natural credit balance, and therefore, decrease net position much in the same manner as do liabilities.

R. ADOPTION OF NEW ACCOUNTING STANDARDS

During the fiscal year ended September 30, 2016, the District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application,* provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

  Statement No. 72 establishes a hierarchy of inputs (comprised of three levels) to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that is reasonably available.

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. This Statement also establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes.

  The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also stipulates that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

- Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price.

  This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

Implementation of Statements No. 72, 73, 76 and 79 had no material impact on the District's fiscal year 2016 financial statements.

More detailed information regarding the requirements contained in these statements may be found at the following website: www.gasb.org.

S. NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

The District will adopt by the required effective dates the following new accounting standards issued by the GASB:

- Statement No. 74, *Financial Reporting For Postemployment Benefit Plans Other Than*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pension Plans, replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet specific criteria presented in the statement. It also includes requirements related to financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016, the District's fiscal year 2017.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. In addition, this Statement establishes standards for recognizing and measuring liabilities/assets, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

  This Statement also details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. Statement No. 75 also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the specific criteria presented in this statement.

  The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2017, the District's fiscal year 2018.

- Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about: (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

  This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
  - The gross dollar amount of taxes abated during the period.
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

  The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015, the District's fiscal year 2017.

- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of Statement 68.

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Statement 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015, the District's fiscal year 2017.

- Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

  The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016, the District's fiscal year 2017.

- Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third-party, if the government controls the present service capacity of the beneficial interests. Statement 81 requires that a government recognize revenue when the resources become applicable to the reporting period.

  The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2016, the District's fiscal year 2018.

- Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, addresses issues regarding: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

  The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016, the District's fiscal year 2017.

The District has not determined the impact, if any, that the implementation of Statement Nos. 74, 75, 77, 78, 80, 81, and 82 will have on its financial statements.

More detailed information regarding the requirements contained in these statements may be found at the following website: www.gasb.org.

T. NET POSITION AND FUND BALANCE

Assets plus deferred outflows of resources less liabilities less deferred inflows of resources equal "Net Position" in the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" in governmental fund statements. In the government-wide and proprietary fund financial statements, "Net Position" is further categorized as:

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, net of unspent proceeds, that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

- *Restricted Net Position* – This category presents net position subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Non-expendable restricted net position represents the portion of net position that must be held in perpetuity in accordance with donor stipulations.

- *Unrestricted Net Position* – This category represents net position not restricted for any project or other purpose.

In accordance with GASB Statement No. 54, Fund

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Balance Reporting and Governmental Fund Type Definitions, in governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable* – Resources which cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- *Restricted* – Resources with use constraints which are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – Resources which can only be used for specific purposes pursuant to limitations imposed by formal action of the District government's highest level of decision-making authority. Resources can only be committed if the formal action is issued on or before the end of the fiscal year. Amounts in this category may be redeployed for other purposes with the appropriate due process. Committed amounts cannot be used for any other purpose unless the District government removes or changes the specified use by taking the same type of action it used to previously commit the amounts.
- *Assigned* – Resources neither restricted nor committed for which the District has a stated intended use as established by the highest level of decision-making authority, or a body or official to which the authority to assign amounts for specific purposes was delegated. These are resources where the constraints/restrictions are less binding than that for committed resources. Resources may only be assigned if the intended use is determined within 60 days after the end of the fiscal year.
- *Unassigned* – Resources which cannot be classified in one of the other four categories. The general fund is the only fund that is permitted to report a positive unassigned fund balance amount. In other governmental funds, it is not possible to report a positive unassigned fund balance; if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance may be reported.

For committed fund balance, the bodies which have the highest level of decision-making authority are the Executive Office of the Mayor and the Council of the District of Columbia (the Council). The Council must pass legislation to establish, modify, or rescind a commitment of fund balance. Consistent with Sections 424, 448, and 450 of the District of Columbia Home Rule Act, the District's Mayor, Council, and Chief Financial Officer are responsible for managing the District's financial resources. In fulfilling their respective responsibilities, the Mayor, Council, or Chief Financial Officer, as authorized, may assign portions of fund balance for specific purposes; however, the assignment of fund balance must be formally documented in the form of an Executive Order, letter, or some other official directive.

It is the policy of the District to use restricted resources first, followed by committed resources and then assigned resources, when expenses are incurred for purposes for which any of these resources are available. Therefore, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers committed fund balance to have been spent when an expenditure has been incurred for purposes for which committed, assigned, or unassigned amounts could have been used. The District does, however, reserve the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Consistent with mandates imposed by the federal government and D.C. Code §1-204.50a, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund Local expenditures less debt service costs. The 6.00% includes a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%, which are discussed further under Minimum Fund Balance Policies found on page 74.

As of September 30, 2016, the District's fund balance included the following categories (see **Table N60a** on page 130).

Nonspendable Fund Balance

Inventory – This portion of fund balance represents amounts not available for appropriation or expenditure because the underlying asset (inventory) is not an available financial resource for appropriation or expenditure.

Restricted Fund Balance

Emergency and Contingency Cash Reserves – This portion of fund balance represents amounts that, in accordance with legislative mandate, are held in two funds: an emergency cash reserve fund and a contingency cash reserve fund, to be used for unanticipated and non-recurring, extraordinary needs of an emergency nature.

Debt Service – Bond Escrow – This portion of fund balance represents that portion of investments held in escrow that is available for future debt service obligations or cash requirements.

Budget – This portion of fund balance represents unused fiscal year 2016 budget reserve amounts that are restricted for specific purposes and available for such purposes until expended.

Purpose Restrictions – This portion of fund balance represents resources from grants and other revenues with externally imposed limitations on how the District

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

may expend the funds. Other revenues include but not limited to resources restricted for Unemployment Insurance Administrative expense, Charter Schools direct loan fund, and Storm Water Permit compliance activities.

Payment in Lieu of Taxes (PILOT) – This portion of fund balance is restricted for payment of future debt service associated with the PILOT Revenue Bonds.

Tobacco Settlement – This portion of fund balance is restricted to pay future debt service and related expenses associated with the Tobacco Corporation's issuance of Tobacco Settlement Asset-Backed Bonds in fiscal years 2001 and 2006.

Tax Increment Financing (TIF) Program – This portion of fund balance is restricted for debt service on TIF Bonds.

Housing Production Trust – This portion of fund balance is restricted to provide financial assistance to developers for the planning and production of low, very low, and extremely low income housing and related facilities.

Highway Projects – This portion of fund balance is restricted for the purpose of executing federal highway projects.

Baseball Special Revenue – This portion of fund balance represents resources set aside for baseball debt service payments.

Committed Fund Balance

Fiscal Stabilization Reserve – This portion of fund balance is committed to purposes permitted for use of the Contingency Reserve Fund.

Cash Flow Reserve – This portion of fund balance is committed to cover cash flow needs; provided that any reserve amounts used must be replenished in the same fiscal year.

Budget Support Act – This portion of fund balance is committed to various non-lapsing accounts established in the budget support act, which is a local law.

Commodities Cost Reserve – This portion of fund balance represents unexpended funds which were appropriated for fixed costs at the end of the fiscal year pursuant to the Commodities Cost Reserve Fund Act of 2005.

Soccer Stadium – This portion of fund balance represents resources set aside for financing the infrastructure costs associated with the construction of the soccer stadium.

Dedicated Taxes – This portion of fund balance represents the portions of the District's tax revenue streams which are dedicated for specific purposes and are not available for general budgeting.

WMATA Operations Fund – This portion of the fund is committed to support the implementation of the Washington Metropolitan Area Transit Authority Momentum Strategic Plan in accordance with Fiscal Year 2015 Budget Support Emergency Act of 2014 (BSA 20-0377). In fiscal year 2015, $57.5 million was reserved in local fund. Upon further evaluation of the source of the fund, $35.8 million was reclassified to Other-Type fund balances during fiscal year 2016. The remaining $21.7 million left in the local fund had been appropriated for fiscal year 2017 expenditures.

Subsequent Years Expenditures – This portion of the fund balance represents amount to be used to finance certain policy initiatives and other expenditures included in the FY 2017 budget approved by the District Council.

Other Special Purposes – This portion of fund balance is committed to activities financed by specific sources of revenues as authorized by formal action of the District Council. i.e. funds obtained from real property or other assets formerly under the authority of the National Capital Revitalization Corporation or the Anacostia Waterfront Corporation committed to administering properties and programs under the authority of the Deputy Mayor for Planning and Economic Development, some of District of Columbia V. Expedia, Inc. settlement amount committed to WMATA Momentum Support Fund, and resources committed to Renewable Energy Development Fund.

Assigned Fund Balance

Contractual Obligations – This portion of fund balance represents amounts set aside by the executive branch to fund other special purpose (O-Type) fund activities.

Subsequent Years' Expenditures – This portion of fund balance represents amounts set aside to finance certain policy initiatives and other expenditures pending formal approval of the District Council.

Unassigned Fund Balance

Capital Projects – This portion of fund balance is restricted for the purpose of executing capital projects. The capital projects fund reported a negative unassigned fund balance at September 30, 2016 because expenditures were made in the Capital Projects Fund from resources that were advanced from the General Fund in anticipation of bond proceeds that will be restricted to the purpose for which those expenditures were made.

Minimum Fund Balance Policies

Restricted Fund Balances

Through Congressional mandate, established by D.C. Code § 1-204.50a, the District is required to maintain cash reserves totaling 6.00% of the previous fiscal year's General Fund expenditures (local portion) less debt service cost. The 6.00% is comprised of a contingency cash reserve of 4.00% and an emergency cash reserve of 2.00%. These reserves are reported as restricted cash and restricted net position in the government-wide financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contingency Reserve

The contingency reserve may only be used for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with unforeseen weather conditions or other natural disasters, unexpected obligations created by federal law or new public safety or health needs or requirements that have been identified after the budget process has occurred, or opportunities to achieve cost savings. In addition, the contingency reserve may be used, as needed, to cover revenue shortfalls experienced by the District government for three consecutive months (based on a two-month rolling average) that are 5.00% or more below the budget forecast. The contingency reserve fund may not be used to fund any shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year.

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts allocated from the contingency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the contingency reserve fund to the 4.00% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated or the amount necessary to restore the contingency reserve fund to the 4.00% required balance, whichever is less, must be replenished by the end of the second fiscal year following each such allocation.

Emergency Reserve

The emergency reserve fund may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity or unexpected obligations by federal law. The emergency reserve fund may also be used in the event that a State of Emergency is declared by the Mayor. However, the emergency reserve fund may not be used to fund: (a) any department, agency, or office of the District government which is administered by a receiver or other official appointed by a court; (b) shortfalls in any projected reductions which are included in the budget proposed by the District for the fiscal year; or (c) settlements and judgments made by or against the District government.

Each fiscal year, the District must appropriate sufficient funds during the budget process to replenish any amounts used from the emergency reserve fund during the preceding fiscal years. Such appropriation is necessary so that not less than 50% of any amount allocated in the preceding fiscal year or the amount necessary to restore the emergency reserve fund to the 2.00% required balance, whichever is less, is replenished by the end of the first fiscal year following such allocation. In addition, 100% of the amount allocated or the amount necessary to restore the emergency reserve fund to the 2.00% required balance, whichever is less, must be replenished by the end of the second fiscal year following each such allocation.

Committed Fund Balances

Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established. Pursuant to D.C. Code § 47–392.02(j-1), as amended, the fiscal stabilization reserve account may be used by the Chief Financial Officer to cover cash flow needs; provided, that any amounts used shall be replenished to the fiscal stabilization reserve account in the same fiscal year. At full funding, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for each fiscal year.

Cash Flow Reserve

The cash flow reserve may be used by the District's Chief Financial Officer to cover cash flow needs. When amounts are used, the cash flow reserve must be replenished in the same fiscal year of use. At full funding, the cash flow reserve must equal 8.33% of the General Fund operating budget for the current fiscal year.

If either the fiscal stabilization reserve or the cash flow reserve is below full funding upon issuance of the Comprehensive Annual Financial Report, the District's Chief Financial Officer must commit 50% of the unassigned end-of-year fund balance to each reserve, or 100% of the end-of-year unassigned fund balance to the reserve that has not reached full capacity, to fully fund the reserves to the extent allowed by the end-of-year fund balance. Moreover, if the amount required for the contingency reserve or emergency cash reserve is reduced, the amount required to be retained in the fiscal stabilization reserve is to be increased by the same amount.

U. POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's Retirement Funds. The District of Columbia Retirement Board (DCRB or Board) administers the District's Retirement Funds, which consist of two single-employer defined benefit pension plans: (1) the District of Columbia Teachers' Retirement Fund or TRF, and (2) the District of Columbia Police Officers' and Firefighters' Retirement Fund or POFRF.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District Retirement Funds and additions to/deductions

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

from the District Retirement Funds' fiduciary net position have been determined on the same basis as they are reported by DCRB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Further information regarding the District Retirement Funds is presented in Note 9 on page 120.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 9 and pursuant to D.C. Code §1-621.13, employees hired after September 30, 1987, who retire may be eligible to continue their healthcare benefits. Furthermore, in accordance with D.C. Code §1-622.16, these employees may convert their group life insurance to individual life insurance. The expense of providing such benefits to employees hired prior to October 1, 1987, is paid by the federal government and the District has no liability for these costs. However, the District provides health and life insurance benefits to retirees first employed by the District after September 30, 1987.

The District utilizes a graded contribution schedule whereby District contributions to the plan are based on the employee's years of creditable District service. District contributions are limited such that the District pays no more than 75% of the cost of health insurance, and 30% of the cost of life insurance for eligible retirees. Additional information regarding the OPEB contribution policy, including the District's premium for retiree's spouse and dependent health insurance coverage, is presented in Note 10, found on pages 127 through 129.

The District records a liability in its government-wide financial statements for its portion of the cost of postemployment benefits. A liability for such benefits is not recorded in the fund statements. The District funds the OPEB plan on an actuarial basis.

As of September 30, 2016, there were 1,279 OPEB Plan participants receiving such benefits. The participants were comprised of 982 teachers, police, and firefighters, and 297 general District retirees. During fiscal year 2016, $10.3 million was paid from the OPEB plan for the associated insurance carrier premiums and other administrative costs.

V. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to use estimates and make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the basic financial statements. The use of estimates may also affect the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from the estimates used.

W. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between fund balances - total governmental funds versus net position - governmental activities as reported in the government-wide statement of net position. This reconciliation is presented in Exhibit 2-a found on page 46.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. This reconciliation is presented in Exhibit 2-c found on page 48.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

X. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following presents the reconciliation of the budgetary basis operating results to the GAAP basis.

	(Dollars in $000s)	
	GENERAL FUND	FEDERAL AND PRIVATE RESOURCES
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - BUDGETARY BASIS	$ 301,168	$ 1,997
Basis differences:		
Inventory is recorded using the purchase method for budgetary purposes and the consumption method on a GAAP basis	(1,105)	(3,750)
Transfers/Reclassifications	(14,224)	(2,457)
Fund balance released from restrictions - a funding source for budgetary purposes but not revenue on a GAAP basis	(63,812)	(2,863)
Federal pass-through contribution (D.C. Federal Pension Fund and SNAP)*	-	670,880
Federal pass-through expenditures (D.C. Federal Pension Fund and SNAP)*	-	(670,880)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - GAAP BASIS	**$ 222,027**	**$ (7,073)**

** The federal pass through contribution/expenditures are comprised of: on-behalf payment to D.C. Federal Pension Fund ($460,928) and payments to eligible low income families under the Supplemental Nutrition Assistance Program (SNAP) ($209,952).*

Y. RESTATEMENT

Component Unit

Change in Reporting Entity - Based on GASB 14, *the Financial Reporting Entity* and GASB 39, D*etermining Whether Certain Organizations are Component Units*, the University of the District of Columbia (UDC) evaluated the nature and significance of its relationship with two foundations: (1) the University of the District of Columbia Foundation, Inc. and (2) the University of the District of Columbia School of Law Foundation, and determined that the foundations are component units of UDC. Based on this determination, UDC discretely presented the financial statements of the two foundations in its fiscal year 2016 audited financial statements. Implementation of this change resulted in an increase in UDC's October 1, 2015 net position balance.

The following table summarizes the effect of the change in the reporting entity.

Restatement Table

	Dollars in $000s
	October 1, 2015
Net position, as previously reported	$ 228,843
Reporting entity change	14,719
Net position, as restated	**$ 243,562**

NOTE 2. CASH AND INVESTMENTS

A. CASH

The District of Columbia follows the practice of pooling cash and cash equivalents for some of its governmental funds and component units in order to provide better physical custody and control of cash, to enhance operational efficiency, and to maximize investment opportunities. In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56), which became effective on March 18, 1998, substantially all of the $3,989,343 in deposits within the custody of the District as of September 30, 2016, were insured or collateralized with securities held by the District or by its agent in the District's name. As of September 30, 2016, the carrying amount of cash for the primary government including the fiduciary funds was $3,630,758 and the carrying amount of cash (deposits) for the component units was $358,585.

B. INVESTMENTS

The Treasurer is authorized by District laws to invest funds in a manner that will preserve principal and meet the District's anticipated daily cash requirements, while maximizing investment earnings. The District purchases legally authorized investments consistent with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (D.C. Law 12-56) and the District's Cash and Investment Management Policy, adopted November 2008. The District's investment policy limits investments to obligations of the United States and agencies thereof, prime commercial paper, bankers' acceptances and repurchase agreements fully collateralized in obligations of the United States government and agency securities. During the fiscal year, the District's investments (other than those held by the District Retirement Funds, the OPEB Fund and the D.C. Library Trust Fund) consisted primarily of collateralized certificates of deposits, repurchase agreements and mortgage-backed securities as presented in **Table N2a**.

NOTE 2. CASH AND INVESTMENTS

Table N2a – Cash and Investments Detail

	(Dollars in $000s) Total Carrying Value	
INVESTMENTS		
Primary Government:		
U. S. government securities	$ 2,336	
Certificates of deposit	102,500	
Mortgage-backed securities	5,660	
Guaranteed investment contracts	2,147	
Repurchase agreements	11,155	
Exchange traded funds	1,519	
Alternative investments	51	
Total Primary Government		$ 125,368
Fiduciary Funds:		
Commodities	41,679	
Equity securities	5,040,992	
Fixed income securities	2,406,422	
Real estate	479,380	
Private equity	393,368	
Total Fiduciary Funds		8,361,841
Component Units:		
Certificates of deposit	34,086	
U. S. government securities	265,072	
Fixed income securities	11,127	
Corporate securities	2,824	
Investment contracts	13,071	
Equities	30,838	
Money market	157,748	
Alternative investments	15,445	
Total Component Units		530,211
Total Reporting Entity Investments		**$ 9,017,420**
CASH BALANCES		
Primary government		$ 3,481,020
Fiduciary funds		149,738
Component units		358,585
Total Cash Balances		**$ 3,989,343**
Total Cash and Investment Balances		**$ 13,006,763**

Table N2b – Reconciliation of the District's Cash and Investment Balances

(Dollars in $000s)

	Exhibit 1-a			Exhibit 4-a				
	Primary Government	Component Units	Total (Exhibit 1-a)	Pension/ OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds	Total (Exhibit 4-a)	Total Cash and Investment Balances
Cash and cash equivalents	$ 1,505,386	$ 181,671	$ 1,687,057	$ -	$ -	$ -	$ -	$ 1,687,057
Investments	-	158,445	158,445	-	-	-	-	158,445
Cash and cash equivalents (restricted)	1,975,634	176,914	2,152,548	88,512	1	61,225	149,738	2,302,286
Investments (restricted)	125,368	371,766	497,134	7,902,524	459,317	-	8,361,841	8,858,975
Total	**$ 3,606,388**	**$ 888,796**	**$ 4,495,184**	**$ 7,991,036**	**$ 459,318**	**$ 61,225**	**$ 8,511,579**	**$ 13,006,763**

NOTE 2. CASH AND INVESTMENTS

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No.72 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).
- Level 3 – Unobservable inputs (including the District's own assumptions in determining the fair value of investments).

An asset or a liability categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The District's investments measured at fair value as of September 30, 2016, are presented in **Table N3a** in accordance with the GASB Statement No.72 valuation hierarchy.

Table N3a – Investments Measured at Fair Value

(Dollars in $000s)

		Fair Value Measurement Using		
	September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Exchange traded funds:				
U.S. government bond fund	$ 407	$ -	$ 407	$ -
International equity funds	472	472	-	-
US equity funds	317	317	-	-
Corporate bond funds	155	-	155	-
High yield bond funds	111	-	111	-
Commodity funds	57	-	57	-
Total exchange traded funds	1,519	789	730	-
Mortgage-backed securities	5,660	-	5,660	-
Repurchase agreements	11,155	-	11,155	-
Guaranteed investment contracts	2,147	-	-	2,147
Total	**$ 20,481**	**$ 789**	**$ 17,545**	**$ 2,147**

- *Exchange traded funds (ETFs)* – An exchange traded fund is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. The District has invested in ETFs within the asset classes noted in **Table N3a**. ETF shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value (NAV) of the shares. ETFs trade both at end of trading day NAV per share or Intraday Value (market price) that fluctuates throughout the trading day. An ETF's market price is generally maintained close to the ETF's end-of-day NAV because of the arbitrage function inherent to the structure of the ETF. The basket of assets that are traded like an index fund are classified as Level 1 in the fair value hierarchy. ETFs that are traded in bonds are classified as Level 2 in the fair value hierarchy.
- *Mortgage-backed securities* – Mortgage-backed securities are valued using quoted market prices, recent market transactions and spread data for similar instruments. The value amounts of these assets were determined using a Level 2 measurement as presented in **Table N3a**.
- *Repurchase agreements* – The fair values of repurchase agreements are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs is actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The valuation of repurchase agreements is classified as Level 2 in **Table N3a**.
- *Guaranteed investment contracts* – Guaranteed investment contracts are valued at fair value by discounting the related cash flows based on current yields of similar instruments with

NOTE 2. CASH AND INVESTMENTS

comparable durations considering the credit-worthiness of the issuer. The determination of fair value includes certain unobservable inputs assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data. These fair value amounts were determined by using Level 3 measurement as presented in **Table N3a**.

District Retirement Funds

The District of Columbia Retirement Board (DCRB) is authorized to manage and control the investment of the District Retirement Funds' assets. DCRB may invest in fixed income, equity securities and various other types of investments. As prescribed in D.C. Code §1-907.01 (2001 ED), DCRB may not invest in debt instruments of the District, the Commonwealth of Virginia, or the State of Maryland governments, political subdivisions thereof, or any entity subject to control by them; debt instruments fully guaranteed by those governments; real property in those jurisdictions; or debt instruments secured by real property in those jurisdictions, subject to the exceptions in subsection (c) of D.C. Code §1-907.01 (2001 ED).

Cash, short-term investments and Investment Pools held in the control of DCRB as of September 30, 2016, are presented in **Table N3b**. **Table N3c** presents the District Retirement Funds' investments measured at fair value as of September 30, 2016, in accordance with the GASB Statement No.72 valuation hierarchy.

Table N3b – Cash and Investment Pools: District Retirement Funds

(Dollars in $000s)

	September 30, 2016	September 30, 2015
Cash and short-term investments	$ 51,480	$ 75,492
Investments:		
Domestic equity	1,956,019	1,393,360
International equity	2,081,748	1,683,172
Fixed income	1,818,097	1,875,532
Real estate	479,380	395,430
Private equity	393,368	708,607
Total cash and investments	**$ 6,780,092**	**$ 6,131,593**

Table N3c – Investments Measured at Fair Value: District Retirement Funds

(Dollars in $000s)

		Fair Value Measurement Using		
	September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Domestic equity	$ 264,682	$ 264,682	$ -	$ -
Fixed income	234,083	-	234,083	-
Private equity	896	896	-	-
Total investments by fair value level	$ 499,661	$ 265,578	$ 234,083	$ -
Investments measured at the Net Asset Value (NAV)				
Domestic equity	$ 1,691,337			
International equity	2,081,748			
Fixed income	1,584,014			
Real estate	479,380			
Private equity	392,472			
Total investments measured at the NAV	6,228,951			
Total investments measured at fair value	**$ 6,728,612**			

NOTE 2. CASH AND INVESTMENTS

- *Equity securities* – Equity securities classified in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades.
- *Fixed income securities* – Fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

Additional information about the nature of investments measured at the Net Asset Value per share is presented in **Table N3d**.

Table N3d – Investments Measured at the Net Asset Value (NAV): District Retirement Funds

(Dollars in $000s)

	Fair Value as of September 30, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
Domestic equity	$ 1,691,337	$ -	Daily	None
International equities	2,081,748	-	Daily	None
Fixed income	1,584,014	-	Daily, Monthly	3-30 days
Real estate	479,380	204,735	None	N/A
Private equity	392,472	199,766	None	N/A
Total Investments measured at the NAV	**$ 6,228,951**	**$ 404,501**		

Domestic and international equities – DCRB has investments in six funds with a domestic focus and five funds with an international focus, in which the equity securities maintain some level of market exposure; however, the level of market exposure may vary through time.

Fixed income - DCRB has investments in five funds, including corporate bonds, and U.S. Treasury obligations, with redemption notifications not greater than 30 days.

Real estate and private equity - DCRB has made commitments to purchase partnership interests in private equity and real estate funds as part of its long-term asset allocation plan for private markets. As presented in **Table N3d**, the unfunded commitments totaled $404,501, as of September 30, 2016. This represents global investments in twenty-eight real estate and eighteen private equity funds. In general, investments in the private markets program are illiquid and redemptions are structurally limited over the life of the investment. The private equity program spans a range of underlying strategies including buyouts, growth equity/venture, private debt, secondaries and fund-of-funds. The real estate program includes investments in a broad range of real estate strategies (i.e., core, value-added, opportunistic), infrastructure and natural resources funds.

District of Columbia Other Postemployment Benefits Fund (OPEB)

During fiscal year 2016, the District's Annuitants' Health and Life Insurance Employer Contribution Fund (OPEB Fund) maintained certain cash and cash equivalents in six investment accounts. **Table N4a** presents the Fund's cash and cash equivalents that were held in investment accounts as of September 30, 2016. **Table N4b** presents investments measured at fair value as of September 30, 2016, in accordance with GASB Statement No.72 valuation hierarchy.

Table N4a – Cash and Cash Equivalents Held in Investment Accounts: OPEB Fund

(Dollars in $000s)

	September 30, 2016	September 30, 2015
Cash account	$ 5,696	$ 8,175
Brandywine large cap	7,733	4,221
ClearBridge mid cap	1,741	2,001
Bernstein strategic core	5,814	20,141
Bernstein global plus	4,798	1,393
Farr, miller washington large cap growth	11,250	9,728
Total cash and cash equivalents	**$ 37,032**	**$ 45,659**

NOTE 2. CASH AND INVESTMENTS

Table N4b – Investments and Derivative Instruments Measured at Fair Value: OPEB Fund

(Dollars in $000s)

		Fair Value Measurement Using		
	September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities				
U.S. equities (by Industry)				
Industrials	113,526	113,526	-	-
Consumer retail	86,869	86,869	-	-
Information technology	62,095	62,095	-	-
Financial institutions	77,405	77,405	-	-
HealthCare	53,112	53,112	-	-
Other	5,853	5,853	-	-
International equities			-	-
Consumer retail	2,960	2,960	-	-
Information technology	3,131	3,131	-	-
Industrials	7,965	7,965	-	-
Real estate investment trust securities	10,538	-	-	10,538
Mutual funds	67,115	67,115	-	-
Total equity securities	**490,569**	**480,031**	**-**	**10,538**
Debt securities				
U.S. government issues	24,690	-	24,690	-
International government issues	123,243	-	123,243	-
Corporate bonds	82,541	-	82,541	-
Mortgage backed securities	57,195	-	54,448	2,747
Credit card/automotive receivable	13,434	-	-	13,434
Mutual funds	112,357	-	112,357	-
US state and local government bonds	364	-	364	-
Total debt securities	**413,824**	**-**	**397,643**	**16,181**
Commodity investments				
Gresham commodities fund	41,678	-	-	41,678
Total investments by fair value level	**946,071**	**$ 480,031**	**$ 397,643**	**$ 68,397**
Investments measured at the Net Asset Value (NAV)				
SSgA emerging markets equity index	79,099			
Barclays international growth fund	124,877			
Blue bay emerging markets debt fund	23,865			
Total investments measured at the NAV	**227,841**			
Total investments measured at fair value	**$ 1,173,912**			
Investment derivative instruments				
Interest rate swaps	$ (247)	$ -	$ (247)	$ -
Credit defaults swaps	3	-	3	-
Foreign exchange forwards	29	-	29	-
Total investments derivative instruments	**$ (215)**	**$ -**	**$ (215)**	**$ -**

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The following provides a summary of investments measured at fair value as presented in **Table N4b.**

- *Equity securities and mutual funds:* These investments are classified as Level 1 of the fair value hierarchy, and are valued using prices quoted in active markets for those securities. The mutual funds held in equities are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy.
- *Real estate investment trust securities*: Investments in Real Estate Investment Trust Securities are valued using either a discounted cash flow or market comparable company's technique. Consequently, measurement of the fair value of these assets is classified as Level 3.
- *Debt securities*: Classified as Level 2 of the fair value hierarchy, these assets are valued using market pricing and other observable market inputs for similar securities from a number of data providers, standard in the industry; or a broker quote in a non-active market. Collateralized auto loan securities, which are included in Collaterized Debt Obligations, are classified as Level 3; and are valued using consensus pricing. The mutual funds held in bonds are classified as Level 2.
- *Commodities fund*: The investment objectives of the fund are to provide a partial price hedge with an attractive risk/return profile, as compared to other products using a commodity index or a pool of commodities. Partial or complete redemption may be made, upon five (5) days' prior written notice, on the last business day of each calendar month or at such times and on such terms as the General Partner of the fund may, in his/her sole discretion, allow. The valuation techniques and inputs categorization within the valuation hierarchy is based upon Level 3; and uses the income approach, where the advisor considers a list of factors to determine whether there has been significant decrease in relation to normal market activity.

Investment derivative instruments: OPEB's derivative financial instruments are valued by a third-party investment fund's manager, based on prevailing market data derived from proprietary models, and are carried at fair value. The Fund had three types of off-balance sheet derivative financial instrument outstanding. These derivative instruments are financial contracts, the values of which depend on the value of one or more underlying assets, or reference rates or financial indices, which dictate the rate of change of output with respect to the financial contracts. The financial instruments' categorization within the valuation hierarchy is based upon Level 2, which is the lowest level of input that is significant to the fair value measurement.

Investments measured at the NAV: This investment category consists of three (3) funds that include hedge funds and other funds/products that employ dynamic trading strategies aimed at achieving absolute returns. These alternative investment funds are organized as limited partnerships that are not traded on an exchange, and do not redeem shares on a daily basis. The funds have varying restrictions on liquidity and transferability. The fair values of the investments in this type have been determined using the NAV per share of the investments. The funds have varying redemption restrictions such as "lock-ups" or "gates". A lock-up period is a window of time when investors of a hedge fund or another closely held investment vehicle are not allowed to redeem or sell shares. A gate is a restriction placed on a hedge fund limiting the amount of withdrawals from the fund during a redemption period. These investments have redemption frequency that range from monthly to quarterly, and a redemption notice period that ranges from five to thirty calendar days. Additional information about the nature of investments measured at the Net Asset Value per share is presented in **Table N4c**.

Table N4c – Investments Measured at the Net Asset Value (NAV): OPEB Fund

(Dollars in $000s)

	Fair Value as of September 30, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV				
SSgA emerging markets	$ 79,099	$ -	Monthly	30 days
Barclays international	124,877	-	Monthly	5 days
Blue bay emerging markets debt fund	23,865	-	Monthly	30 days
Total investments measured at the NAV	$ 227,841	$ -		

- *SSgA emerging markets equity fund*: The fund's investment objective is to produce long-term capital growth. The Fund seeks to achieve its investment objective by primarily investing in a diversified portfolio of equity securities and equity-related securities; which are, or for which the underlying securities are, traded in emerging markets. Redemptions, in aggregate, by Shareholders on any Dealing Day (First Business Day of each month) may be limited to 20% of the

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number of Shares within each Share Class then in issue at the end of the previous Dealing Day. In the event that aggregate requests are received for redemptions exceeding 20% of the number of Shares within any Share Class in issue at the end of the previous Dealing Day, any unredeemed balance of Shares over the said 20% level shall be held over on a pro-rata basis until the next Dealing Day, where they shall be redeemed in priority to new redemption requests received in respect of such Dealing Day. No issue or redemption of Shares will take place during any period when the calculation of the Net Asset Value is suspended.

- *Barclays international emerging markets equity, value and growth funds*: The fund's investment objective is to produce long-term capital growth. The Fund seeks to achieve its investment objective by primarily investing in a diversified portfolio of equity securities and equity-related securities; which are, or for which the underlying securities are, traded in emerging markets. Redemptions, in aggregate, by Shareholders on any Dealing Day (First Business Day of each month) may be limited to 20% of the number of Shares within each Share Class then in issue at the end of the previous Dealing Day. In the event that aggregate requests are received for redemptions exceeding 20% of the number of Shares within any Share Class in issue at the end of the previous Dealing Day, any unredeemed balance of Shares over the said 20% level shall be held over on a pro-rata basis until the next Dealing Day, where they shall be redeemed in priority to new redemption requests received in respect of such Dealing Day. No issue or redemption of Shares will take place during any period when the calculation of the Net Asset Value is suspended.
- *Blue bay emerging markets debt fund*: The investment objectives of this Fund are to achieve favorable income-oriented returns from a globally diversified portfolio of primarily developing market debt or debt-like securities, and preservation and enhancement of principal. Participating Shares may be redeemed monthly, with five (5) days prior written notice, on the last business day of each calendar month; or at such times, and on such terms as the Board of Directors of the Fund may, in their sole discretion, allow.

Deposit and Investment Risk Disclosures

The District's investments and those of its discretely presented component units are subject to interest rate, credit, custodial credit, concentration of credit and foreign currency risks. The District, including DCRB on behalf of the District Retirement Funds, broadly diversifies the investment of District funds so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so. The OPEB Fund's investments are uninsured and unregistered and are held by the counterparty in the Plan's (or Fund's) name. The types of risks to which the District (including the District Retirement Funds and the OPEB Fund) may be exposed are described in **Table N5**.

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Table N5 – Deposit and Investment Risk Disclosures

Risk	Definition	District of Columbia	District Retirement Funds	OPEB Fund
Interest Rate Risk	Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.	An investment with a longer maturity will generally have greater sensitivity to fair value changes that are related to market interest rates. As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy limits the District's portfolio to specific maturities. The District's authorized investments and maturity limits as detailed in the District's investment policy are presented in **Table N6**.	DCRB monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. As a general rule, the risk and return of DCRB's fixed income segment of the portfolio is compared to the Barclays Capital U.S. Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 (two) years of the duration of this Index.	The OPEB Fund addresses interest rate risk through a process that focuses on the review of investment managers and fund returns. The Fund also uses an independent consultant to examine how sensitive the fixed income portfolios' underlying assets are to movement in interest rates, and to recommend any appropriate investment manager changes.
Credit Risk	Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.	District policy requires that for investments in: (a) commercial paper, the issuing corporation, or its guarantor have a short-term rating of no less than A-1 (or its equivalent) by at least two credit rating agencies; (b) bankers' acceptances, the short-term paper of the issuer be rated not lower than A-1 or the equivalent by a credit rating agency; (c) municipal obligations be rated in either of the two highest rating categories by a credit rating agency, without regard to gradation; (d) money market mutual funds, the fund be rated AAAm or AAAm-G or the equivalent by a credit rating agency; and (e) repurchase agreements, the counterparty has a long-term credit rating of at least AA- or the equivalent, and does not have a "negative outlook" associated with such rating, has been in operation for at least five years, and is reputable among market participants.	Unless specifically authorized otherwise in writing by DCRB, fixed income managers invest retirement funds in investment grade instruments rated in the top four categories by a recognized statistical rating service.	The average quality of the OPEB Fund's bond holdings in each investment manager's portfolio should be maintained at "A" or better. OPEB has not failed to access collateral, when required. Since the derivative products have been established for some time, OPEB uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity; and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. For portfolios that were not individually managed, the credit quality exceeded the index value of "BBB-". As of September 30, 2016, the average quality ratings of those counterparties were as follows: SSgA was Aa2, and Access Capital was AAA.
Custodial Credit Risk	Custodial credit risk is the risk that, given a financial institution's failure, the government will not be able to recover deposits or collateral.	The District had no custodial credit risk exposure during the fiscal year. All District investments in fiscal year 2016 were collateralized. All collateral for investments is held in the District's name by the Federal Reserve in a custodial account. Any funds not invested at the end of the day are placed in overnight investments in the District's name.	The District Retirement Funds had no custodial credit risk exposure during fiscal year 2016. Investments controlled by DCRB in fiscal year 2016 were collateralized. Investments held by the custodian on behalf of DCRB were held in an account in the name of DCRB. Funds not invested at the end of the day were placed in overnight investments in the name of DCRB.	The OPEB Fund investments are uninsured, unregistered, and are held by the counterparty in the Fund's name. The counterparty is the party that pledges collateral or repurchase agreement securities to the government or that sells investments to or buys them for the OPEB Fund.

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Concentration of Credit Risk	Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.	The District's investment policy does not allow for an investment in any single issuer that is in excess of five percent of the District's total investment portfolio with the following exceptions: 1) U.S. Treasury, 100% maximum; Each Federal Agency, 40% maximum; Each Repurchase Agreement Counterparty, 25% maximum; Each Money Market Mutual Fund, 25% maximum. As of September 30, 2016, the District was in compliance with this policy.	DCRB's investment guidelines do not permit direct investment in any single issuer in excess of 5.00% of the value of the portfolio. This excludes U.S. Treasuries, U.S. government-sponsored enterprises and U.S. government agency securities. As of September 30, 2016, DCRB was in compliance with this policy.	OPEB Fund has no significant concentrations of exposure to credit risk that has not been reduced by collateral and other set-offs.
Foreign Currency Risk	Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.	As of September 30, 2016, the District had no exposure to foreign currency risk (other than investments held by DCRB on behalf the District Retirement Funds and the OPEB Fund).	As a general policy of DCRB, investment managers with authority to invest in securities denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the foreign currency markets. Because the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise. At the end of fiscal year 2016, the District Retirement Funds held investments that were denominated in a currency other than the United States dollar, as presented in **Table N7a**.	The OPEB Fund does not have a formal policy for limiting its exposure to changes in exchange rates. **Table N7b** presents the OPEB Fund's investments that were denominated in a currency other than the United States dollar.

Table N6 – District Investment Maturities and Limits

Type of Investment	Maturity	Maximum Investment
U.S. Treasury Obligations	Five years	100%
Federal Agency Obligations	Five years	100%
Repurchase Agreements	90 days or less	100%
Commercial Paper	180 days or less	30%
Bankers' Acceptances	270 days or less	40%
Municipal Obligations	Five years	20%
Federally Insured or Collateralized Certificates of Deposit	N/A	30%
Money Market Mutual Funds	N/A	100%
Bank Deposits	N/A	100%

N/A - Not Applicable

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Table N7a – District Retirement Funds' Investments Denominated in Foreign Currency

	Asset Class (in $000s)				
	Cash	Equities	Fixed Income	Private Equity	Total
Canadian Dollar	$ -	$ -	$ -	$ 1,258	$ 1,258
Euro	76	-	-	29,203	29,279
Swiss Franc	110	-	-	-	110
Total Foreign Currency	**$ 186**	**$ -**	**$ -**	**$ 30,461**	**$ 30,647**

Table N7b – OPEB Fund Investments Denominated in Foreign Currency

	(Dollars in $000s)		
	Short-Term and Cash	Convertible and Fixed Income	Total
Australian Dollar	$ (13)	$ 88	$ 75
Brazilian Real	-	4,816	4,816
Canadian Dollar	69	12,987	13,056
Euro	(33)	50,229	50,196
Japanese Yen	160	32,769	32,929
Mexican Peso	-	2,507	2,507
New Zealand Dollar	20	(5)	15
Norwegian Kroner	23	81	104
Polish Zloty	20	803	823
Pound Sterling	93	13,506	13,599
Russian Ruble	-	401	401
Singapore Dollar	-	334	334
South African Rand	18	262	280
Swedish Krona	-	969	969
Turkish Lira	-	354	354
Total Foreign Currency	**$ 357**	**$ 120,101**	**$ 120,458**

Derivative Instruments

Derivative instruments are generally defined as contracts, the value of which depends on or derives from the value of an underlying asset, reference rate or index. Structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivatives used by governments include: interest rate and commodity swaps, interest rate locks, and forward contracts.

Table N8 presents the fair value balances and notional amounts of the District's derivative instruments outstanding as of September 30, 2016, classified by type, and the changes in fair value of such derivative instruments for the year then ended.

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Table N8 – Derivative Instruments Outstanding as of September 30, 2016

(Dollars in $000s)

	Changes in Fair Value		Fair Value at September 30, 2016		
	Classification	Amount	Classification	Amount	Notional
Governmental Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2014B (formerly 2008C) Swap	Deferred outflows	$ (883)	Swap	$ (45,959)	$ 224,300
2007 AWC Swap	Deferred outflows	2,030	Swap	(5,191)	54,675
2004B Swap	Deferred outflows	618	Swap	(656)	9,460
Derivative instrument liabilities, at end of year				**$ (51,806)**	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	$ (92)	Swap	$ 513	$ 155,315
Derivative instrument assets, at end of year				**$ 513**	

The District is a party to five interest rate swap agreements recorded in the financial statements in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which became effective for financial statements for periods beginning after June 15, 2009. Consistent with that statement, all derivatives are to be reported in the statement of net position at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. Depending on the test results, the change in fair value is either reported in the statement of net position, or in the statement of activities.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between swap counterparties at the measurement date, which includes the non-performance risk (the mark-to-market value excludes the risk of nonperformance). The District adopted GASB Statement No. 72 in fiscal year 2016. Consequently, an independent party was engaged to perform the valuation and required tests under GASB Statement No.53 and GASB Statement No.72 on these five swaps.

The expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

Objective and Terms of Hedging Derivative Instruments

Table N9 presents the objective and terms of the District's hedging derivative instruments outstanding as of September 30, 2016, along with the credit rating of the associated counterparty.

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Table N9 – Objectives and Terms of Hedging Derivative Instruments Outstanding as of September 30, 2016

(Dollars in $000s)

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-Fixed Interest Rate Swaps:						
2014B (formerly 2008C) Swap	Hedge of changes in cash flows on the Series 2014B Bonds (formerly 2008C Bonds)	$224,300	11/13/2002	6/1/2027	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	A3/BBB+/A
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	$54,675	9/20/2007	12/1/2021	Pay fixed rate of 4.463%; receive the rate that matches the rate paid on the underlying bonds (SIFMA) plus 0.70%	Aa2/AA-/AA
2004B Swap	Hedge of changes in cash flows on the Series 2004B General Obligation Bonds	$9,460	12/8/2004	6/1/2020	Pay fixed rate of 5.121%; receive the rate that matches the rate on the underlying bonds (Muni CPI Index)	Aa3/A+/AA-
Pay Floating Basis Swaps:						
2001 C/D Basis Swap	Reduces basis risk by providing for a closer match between the underlying variable rate bonds and the variable rate swap receipts from the counterparty	$155,315	6/2/2003	6/1/2029	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa3/A+/AA-

Risks

Credit Risk

The mark-to-market values of the interest rate swaps represent the District's obligation to the respective counterparties if the swap agreements were terminated. The District is exposed to credit risk on hedging derivative instruments that have positive mark-to-market values (or are in asset positions). To minimize its exposure to loss related to credit risk, the District diversified its counterparties and as such, has a different counterparty for each of its outstanding swaps. The credit ratings of each of the counterparties as of September 30, 2016, were as presented in **Table N9**.

The District was exposed to minimal credit risk because most of the interest rate swaps had negative mark-to-market values. The aggregate mark-to-market value of hedging derivative instruments in asset positions as of September 30, 2016, was $513 (thousand). This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. In each of the District's swap agreements, the payments are netted against the obligations within each swap. As such, if the District is owed any payment due to an event of default by the counterparty that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As LIBOR or the SIFMA swap index decreases, the District's net payment on its pay-fixed, receive variable interest rate swaps increases.

As of September 30, 2016, the fair value of the investments in derivative instruments subject to interest rate risk was $513 (thousand). These investments had maturities of more than 10 years.

The District invested in a floating-to-fixed rate swap in connection with its $214,155 Multimodal General Obligation Bonds, Series 2001C and its $69,715 Multimodal General Obligation Refunding Bonds, Series 2001D (2001C/D Swap). As of September 30, 2016, the notional amount of the 2001C/D Swap was $155,315. The District pays the counterparty 67% of LIBOR and the counterparty pays the District a variable rate as a percentage of the actual LIBOR reset each month. The original swap agreement was executed on December 6, 2001 and the District entered into an enhanced swap agreement on June 2, 2003. The 2001C/D swap matures in June 2029. As of September 30, 2016, this interest rate swap had

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a fair value of $513 (thousand).

Basis Risk

Basis risk is the risk that the interest rate paid by the District on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable Counterparty. The District has mitigated its basis risk on all its hedges by ensuring a match between the variable rates paid on the hedged variable rate bonds and the variable rates received on the swaps. The interest paid on the Series 2014B Bonds is based on a percentage of LIBOR as is the variable swap rate received. The interest paid on the Series 2007 AWC Bonds is tax-exempt and the swap variable rate received is based on SIFMA Swap Index which is tax-exempt as well. The interest paid on the Series 2004B Bonds is based on the Muni CPI Index as is the variable swap rate received from the associated swaps. Consequently, as of September 30, 2016, the District had no exposure to basis risk.

Termination Risk

The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the associated contract. The District is exposed to termination risks on its pay-fixed interest rate swap agreements, which incorporate the International Swap Dealers Association (ISDA) Master Agreement. The ISDA Master Agreement includes standard termination events. Accordingly, an interest rate swap may be terminated if a counterparty or its Credit Support Provider, or the District has one or more outstanding issues of rated unsecured, unenhanced senior debt and none of such issues has a rating of at least: (i) BAA3 or higher as determined by Moody's Investors Service, Inc.; (ii) BBB-, or higher as determined by Standard & Poor's Ratings Service; or (iii) an equivalent investment grade rating determined by a nationally recognized rating service acceptable to both parties.

If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements, as applicable.

Rollover Risk

The District is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the District will be re-exposed to the risks being hedged by the hedging derivative instrument. In order to mitigate this risk, the District matches the maturity of each fixed to floating rate swap with the maturity date of the underlying bonds. The District was not exposed to rollover risk during fiscal year 2016.

District of Columbia Retirement Funds' Derivatives

During fiscal year 2016, the District's Retirement Funds, in accordance with the policies of the District of Columbia Retirement Board (DCRB) and through the District's Retirement Funds' investment managers who have full discretion over investment decisions, invested in various derivative instruments either to increase potential earnings or to hedge against potential losses. **Table N10a** presents the types of derivatives in which the District Retirement Funds have invested, the purpose of each derivative holding, and a brief description of the methodologies used to manage the associated risks.

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Table N10a – District Retirement Funds' Derivative Holdings

Type of Derivative	Purpose	Management of Credit Risk	Management of Market Risk
To-Be-Announced Market Trades (TBAs or Dollar Rolls)	Used as an alternative to holding mortgage-backed securities outright to raise the potential yield and reduce transaction cost	By limiting transactions to primary dealers	Note: Risk not significantly different from market risk for mortgage-backed securities
Foreign Currency Forwards, Futures Contracts, and Foreign Currency Options	Used to hedge the Retirement Funds' exposure to particular currencies when significant adverse short-term movement in exchange rate levels is expected	By limiting transactions to counterparties with short-term credit ratings of A1 or P1 (investment grade ratings) or by trading on organized exchanges	Risk is limited to the purchase cost
Equity Index Futures	Used to gain exposure to equity markets in a more efficient and liquid manner than by directly investing in all of the underlying investment securities	By dealing with member firms of futures exchanges	Risks due to movements in the equity markets underlying the contracts used; notional amounts of contracts not included in the derivative holdings
Exchange-Traded and Over-the-Counter Bond Futures and Options	Used to gain exposure to fixed income markets in a more efficient and liquid manner than by purchasing the underlying bonds	By limiting transactions to counterparties with investment grade ratings or by trading with member firms of organized exchanges	Risk is limited to purchase cost
Warrants and Rights	Used to gain equity exposure and enhance performance Warrants are held for the same fundamental reasons as the original common stock and/or bond holdings	Risks are monitored and managed by external investment managers	Risk is limited to purchase cost
Swaps	Used to manage interest rate fluctuations, protect against borrower default, or gain market exposure without having to own the asset	By using credit default swaps	Use of credit default swaps limits exposure to other types of risk

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The District's Retirement Funds also hold derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. Information regarding risks associated with these holdings is not generally available. There were no derivatives as of September 30, 2016.

Additional information regarding the Retirement Funds' derivative holdings is presented in the Funds' separately issued audited financial statements which may be obtained from the District of Columbia Retirement Board 900 7th Street, N.W., Washington, DC 20001 or by accessing the following website: http://dcrb.dc.gov.

District of Columbia Other Postemployment Benefits Fund's Derivatives:

In accordance with OPEB's investment policies, OPEB regularly invests in derivative financial instruments with off-balance-sheet risk in the normal course of its investing activities, in order to enhance return on investment and manage exposure to certain risks within the funds. Derivative instruments are financial contracts, the values of which depend on the value of one or more underlying assets, reference rates, or financial indices. During fiscal year 2016, OPEB invested directly in forward currency contracts.

At September 30, 2016, OPEB had two types of off-balance-sheet derivative financial instruments outstanding including swaps and currency forwards. The swaps represent interest rate swaps and credit default swaps which are used to hedge interest rate and credit exposure risks. Currency forwards represent foreign exchange contracts, and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies, against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

All of OPEB's derivative instruments include provisions that require OPEB to post collateral in the event its credit rating falls below "AA" as issued by Standard & Poor's, or "Aa" as issued by Moody's Investors Services. The collateral posted is to be in the form of U.S. Treasury funds in the amount of the fair value hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If OPEB does not post collateral, the hedging derivative instrument may be terminated by the counterparty. As of September 30, 2016, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was $10 (thousand). If the collateral posting requirements were triggered, OPEB would be required to post the aggregate fair value in collateral to its counterparties. The District has an "Aa" rating; therefore, no collateral has been required to be posted as of September 30, 2016. The net unrealized gain on foreign currency spot and forward contracts for the years ended September 30, 2016, was $322 (thousand). **Table N10b** presents a list of the OPEB Fund's derivatives aggregated by type as of September 30, 2016.

Table N10b – Derivative Investments Aggregated by Type: OPEB

(Dollars in $000s)

	Changes in Fair Value		Fair Value at September 30, 2016		
Type of Derivative	Classification	Amount	Classification	Amount	Notional
Credit Default Swaps Bought	Investment Revenue	$ (79)	Swaps	$ (20)	$ 506
Credit Default Swaps Written	Investment Revenue	(3)	Swaps	24	2,420
Equity Options Written	Investment Revenue	21	Options	-	-
Fixed Income Futures Long	Investment Revenue	594	Futures	-	30,435
Fixed Income Futures Short	Investment Revenue	(503)	Futures	-	(14,636)
FX Forwards	Investment Revenue	2,657	LT Instruments	28	113,520
Pay Fixed Interest Rate Swaps	Investment Revenue	(233)	Swaps	(445)	62,064
Receive Fixed Interest Rate Swaps	Investment Revenue	241	Swaps	198	4,420
Total		**$ 2,695**		**$ (215)**	

NOTE 2. CASH AND INVESTMENTS

C. SECURITIES LENDING

Consistent with District statutes and DCRB policies, the District Retirement Funds may participate in securities lending transactions. When entering into such transactions, the District Retirement Funds are to rely upon a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Funds' securities to qualified broker-dealers and banks pursuant to a loan agreement. During fiscal year 2016, the District Retirement Funds did not participate in any security lending transactions.

NOTE 3. RESTRICTED ASSETS

As of September 30, 2016, restricted assets of the primary government, component units, and fiduciary funds totaled $11,161,261 as summarized in **Table N11**.

Table N11 – Summary of Restricted Assets

(Dollars in $000s)

	Governmental Funds/Governmental Activities					
	General	Federal & Private Resources	Housing Production Trust Fund	General Capital Improvements	Nonmajor Funds	Total
Bond escrow accounts	$ 498,030	$ -	$ -	$ -	$ -	$ 498,030
Capital project	-	-	-	25,387	68,611	93,998
Emergency cash reserve	129,048	-	-	-	-	129,048
Contingency cash reserve	258,017	-	-	-	-	258,017
Other	109,852	115,880	244,473	-	242,772	712,977
Total	**$ 994,947**	**$ 115,880**	**$ 244,473**	**$ 25,387**	**$ 311,383**	**$ 1,692,070**

	Proprietary Funds/Business-Type Activities				
	Lottery & Games	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond escrow accounts	$ -	$ -	$ -	$ -	$ 239,986
Unpaid prizes	2,336	-	2,336	-	-
University endowment	-	-	-	-	28,980
Benefits	-	406,596	406,596	8,511,579	-
Purpose restrictions	-	-	-	-	267,836
Other	-	-	-	-	11,878
Total	**$ 2,336**	**$ 406,596**	**$ 408,932**	**$ 8,511,579**	**$ 548,680**

The bond escrow accounts in the general fund include bond escrow for capital lease payment of $1,837.

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

Receivables are valued at their estimated collectible amounts. These receivables are presented in various funds as shown in **Table N12**.

Table N12 – Receivables

(Dollars in $000s)

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Lottery & Games	Unemployment Compensation	Fiduciary Funds
Gross receivables:								
Taxes	$ 376,562	$ -	$ -	$ -	$ 3,845	$ -	$ -	$ -
Accounts and other	334,176	8,473	258	-	37,671	4,024	33,524	12,899
Federal	7,143	398,579	-	53,308	-	-	600	23,496
Total gross receivables	717,881	407,052	258	53,308	41,516	4,024	34,124	36,395
Less-allowance for uncollectibles	128,976	-	-	-	-	254	23,617	-
Total net receivables	**$ 588,905**	**$ 407,052**	**$ 258**	**$ 53,308**	**$ 41,516**	**$ 3,770**	**$ 10,507**	**$ 36,395**

B. INTERFUND TRANSFERS

Other than the transfers between the District of Columbia Lottery and Charitable Games Control Board and the General Fund which are reported on the Statement of Activities, all other interfund transfers are eliminated in the government-wide financial statements. **Table N13** shows a summary of interfund transfers for the fiscal year ended September 30, 2016.

Table N13 – Summary of Interfund Transfers

Transfer from (out)	Transfer to (in)	Purpose	Amount (in $000s)
General Fund	Highway Trust Fund	Motor fuel taxes dedicated to the Highway Trust Fund	$ 25,333
Lottery and Games	General Fund	DC Lottery excess revenues, after operating costs	53,287
General Fund	Capital Improvements Fund	PAYGO - Projects financed by the General Fund	98,942
General Fund	Capital Improvements Fund	PAYGO - Capital Projects financed by Local Transportation Fund	45,162
Capital Improvements Fund	General Fund	Unspent Capital Paygo transferred back to the General Fund	14,082
PILOT Special Revenue Fund	General Fund	Excess collections above PILOT debt service requirements	2,400
Tax Increment Financing Fund	General Fund	Excess collections above TIF debt service requirements	9,416
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery	1,318
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments	120,343
General Fund	Housing Production Trust Fund	Funds for housing projects and services	90,179
		Total Interfund Transfers	**$ 460,462**

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

C. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS

Due to/Due from and interfund receivable and payable balances for each fund and individual component unit as of September 30, 2016, are shown in **Table N14**. All interfund balances within the Governmental Funds are eliminated in the government-wide financial statements.

Table N14 – Summary of Due To/Due From and Interfund Balances

(Dollars in $000s)

	Primary Government/Component Units		Interfund	
Fund or Component Unit	**Receivables**	**Payables**	**Receivables**	**Payables**
General	$ 24,596	$ 16,874	$ 348,942	$ 21,725
Federal & Private Resources	-	1,026	21,666	195,398
Housing Production Trust	-	-	5,581	-
General Capital Improvements	-	1,464	-	131,543
Nonmajor - Baseball Special Revenue	665	-	4,754	-
Nonmajor - PILOT Special Revenue	-	-	863	2,400
Nonmajor - Tax Increment Financing	532	744	2,168	9,415
Unemployment Compensation	-	-	419	21,895
Pension Trust	-	-	-	1,866
Agency Fund	-	349	-	151
Health Benefit Exchange Authority	446	1,011	-	-
Not-For-Profit Hospital Corporation	241	-	-	-
Washington Convention and Sports Authority	13,161	2,051	-	-
University of the District of Columbia	6,609	22,731	-	-
Total	**$ 46,250**	**$ 46,250**	**$ 384,393**	**$ 384,393**

The above balances represent the impact of transactions among the funds and component units which will be settled during fiscal year 2017.

NOTE 5. CAPITAL ASSETS

Capital Outlays

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled $1,107,239 during the fiscal year ended September 30, 2016. As construction progresses, capital expenditures which meet the criteria to be capitalized as set forth in **Note 1L**, are capitalized as Construction in Progress (CIP) in the governmental activities column of the government-wide financial statements. Upon completion of the project, all project costs are transferred from CIP into the appropriate "in-service" capital asset account.

A. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY CLASS

Table N15 presents the changes in the governmental activities capital assets by class for the primary government.

Table N15 – Changes in the Governmental Activities: Capital Assets by Asset Class

(Dollars in $000s)

Asset Class	Balance October 1, 2015	Additions	Transfers/ (Dispositions)	Transfers from CIP	Balance September 30, 2016
Non-depreciable:					
Land	$ 933,835	$ 3,648	$ -	$ 10,929	$ 948,412
Construction in progress	1,325,618	894,154	-	(999,864)	1,219,908
Total non-depreciable	**2,259,453**	**897,802**	**-**	**(988,935)**	**2,168,320**
Depreciable:					
Infrastructure	5,829,329	-	2,950	345,383	6,177,662
Buildings	7,795,842	1,230	(8,049)	590,569	8,379,592
Equipment	1,562,594	37,928	(35,275)	52,983	1,618,230
Total depreciable	**15,187,765**	**39,158**	**(40,374)**	**988,935**	**16,175,484**
Less accumulated depreciation for:					
Infrastructure	(2,504,632)	(149,313)	(634)	-	(2,654,579)
Buildings	(1,804,526)	(150,777)	858	-	(1,954,445)
Equipment	(1,221,036)	(113,035)	31,180	-	(1,302,891)
Total accumulated depreciation	**(5,530,194)**	**(413,125)**	**31,404**	**-**	**(5,911,915)**
Total depreciable, net	**9,657,571**	**(373,967)**	**(8,970)**	**988,935**	**10,263,569**
Net governmental activities capital assets	**$ 11,917,024**	**$ 523,835**	**$ (8,970)**	**$ -**	**$ 12,431,889**

NOTE 5. CAPITAL ASSETS

B. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS BY FUNCTION

Table N16 presents the changes in the governmental activities capital assets by function for the primary government.

Table N16 – Governmental Activities: Capital Assets by Function

(Dollars in $000s)

Function	Balance October 1, 2015	Additions	Transfers/ (Dispositions)	CIP Transfers in (out)	Balance September 30, 2016
Governmental direction and support	$ 2,741,180	$ 3,229	$ (226,369)	$ 20,226	$ 2,538,266
Economic development and regulation	547,104	6,942	14,060	918	569,024
Public safety and justice	1,141,634	6,105	(6,487)	25,801	1,167,053
Public education system	3,544,273	13,244	200,676	555,763	4,313,956
Human support services	1,498,391	2,390	(11,331)	33,622	1,523,072
Public works	6,649,018	10,896	(10,923)	363,534	7,012,525
Construction in progress	1,325,618	894,154	-	(999,864)	1,219,908
Total	**$ 17,447,218**	**$ 936,960**	**$ (40,374)**	**$ -**	**$ 18,343,804**

C. GOVERNMENTAL ACTIVITIES: CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

A summary of changes in governmental activities capital assets' accumulated depreciation by function for the primary government is shown in **Table N17**.

Table N17 – Governmental Activities: Capital Assets Accumulated Depreciation by Function

(Dollars in $000s)

Function	Balance October 1, 2015	Additions	Transfers/ (Dispositions)	Balance September 30, 2016
Governmental direction and support	$ 1,038,502	$ 61,194	$ (50,042)	$ 1,049,654
Economic development and regulation	44,229	6,718	(675)	50,272
Public safety and justice	449,588	49,154	(7,470)	491,272
Public education system	755,148	92,430	45,299	892,877
Human support services	418,449	30,763	(6,956)	442,256
Public works	2,824,278	172,866	(11,560)	2,985,584
Total	**$ 5,530,194**	**$ 413,125**	**$ (31,404)**	**$ 5,911,915**

NOTE 5. CAPITAL ASSETS

D. BUSINESS-TYPE ACTIVITIES: CAPITAL ASSETS

Business-Type Activities Capital Assets are presented in **Table N18**.

Table N18 – Business-Type Activities: Capital Assets

(Dollars in $000s)

Asset Class	Balance October 1, 2015	Additions	(Dispositions) / Adjustments	Balance September 30, 2016
Lottery:				
Depreciable:				
Equipment	$ 3,845	$ 250	$ -	$ 4,095
Total	**3,845**	**250**	**-**	**4,095**
Total depreciable	**3,845**	**250**	**-**	**4,095**
Less accumulated depreciation for:				
Equipment	(3,676)	(89)	-	(3,765)
Total accumulated depreciation	(3,676)	(89)	-	(3,765)
Net capital assets	**$ 169**	**$ 161**	**$ -**	**$ 330**

E. DISCRETELY PRESENTED COMPONENT UNITS: CAPITAL ASSETS

A summary of capital assets for the discretely presented component units is shown in **Tables N19** and **N20**.

Table N19 – Capital Assets by Class for the Discretely Presented Component Units

(Dollars in $000s)

Asset Class	Balance October 1, 2015, as restated	Additions	Transfers/ (Dispositions)	CIP Transfers in (out)	Balance September 30, 2016
Non-depreciable:					
Land	$ 20,989	$ -	$ (75)	$ -	$ 20,914
Artwork	3,182	-	-	-	3,182
Construction in progress	8,793	7,171	-	(3,944)	12,020
Total non-depreciable	**32,964**	**7,171**	**(75)**	**(3,944)**	**36,116**
Depreciable:					
Buildings and improvements	1,110,083	27,368	(304)	3,944	1,141,091
Equipment	343,067	26,380	(26)		369,421
Total depreciable	**1,453,150**	**53,748**	**(330)**	**3,944**	**1,510,512**
Less accumulated depreciation for:					
Buildings and improvements	(396,430)	(39,901)	304	-	(436,027)
Equipment	(220,739)	(13,331)	26	-	(234,044)
Total accumulated depreciation	**(617,169)**	**(53,232)**	**330**	**-**	**(670,071)**
Total depreciable, net	**835,981**	**516**	**-**	**3,944**	**840,441**
Net capital assets	**$ 868,945**	**$ 7,687**	**$ (75)**	**$ -**	**$ 876,557**

NOTE 5. CAPITAL ASSETS

Table N20 – Capital Assets by Component Unit

(Dollars in $000s)

Component Units	Capital Assets				Accumulated Depreciation				Net Capital Assets	
	October 1, 2015, as restated	Additions	Transfers/ (Dispositions)	September 30, 2016	October 1, 2015, as restated	Additions	Transfers/ (Dispositions)	September 30, 2016	Balance October 1, 2015, as restated	Balance September 30, 2016
University of the District of Columbia	$ 344,728	$ 17,700	$ (403)	$ 362,025	$ (148,920)	$ (5,957)	$ 328	$ (154,549)	$ 195,808	$ 207,476
Washington Convention and Sports Authority	978,369	7,099	(2)	985,466	(423,544)	(32,032)	2	(455,574)	554,825	529,892
Health Benefit Exchange Authority	63,138	22,441	-	85,579	(9,079)	(7,398)	-	(16,477)	54,059	69,102
Housing Finance Agency	6,296	74	-	6,370	(4,283)	(145)	-	(4,428)	2,013	1,942
Not-for-Profit Hospital Corporation	93,583	13,605	-	107,188	(31,343)	(7,700)	-	(39,043)	62,240	68,145
Total	**$ 1,486,114**	**$ 60,919**	**$ (405)**	**$ 1,546,628**	**$ (617,169)**	**$ (53,232)**	**$ 330**	**$ (670,071)**	**$ 868,945**	**$ 876,557**

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Construction in progress by function for governmental activities capital assets is shown in **Table N21**.

Table N21 – Construction in Progress by Function

(Dollars in $000s)

Function and Sub-function	Balance October 1, 2015	Additions/ Adjustments	Transfers from CIP/ (Disposition)	Balance September 30, 2016
PRIMARY GOVERNMENT				
Governmental Direction and Support				
Finance	$ 12,403	$ 11,580	$ -	$ 23,983
Legislative	919	458	-	1,377
Administrative	53,935	129,357	(37,388)	145,904
Executive	606	251	-	857
Total	67,863	141,646	(37,388)	172,121
Economic Development and Regulation				
Community Development	32,090	15,123	(705)	46,508
Economic Regulation	2,334	1,213	(213)	3,334
Employment Services	-	888	-	888
Total	34,424	17,224	(918)	50,730
Public Safety and Justice				
Police	4,323	12,759	(7,114)	9,968
Fire	5,473	17,922	(5,914)	17,481
Corrections	1,490	3,689	(1,563)	3,616
Total	11,286	34,370	(14,591)	31,065
Public Education System				
Schools	484,655	294,719	(516,817)	262,557
Culture	18,584	32,831	(36,875)	14,540
Total	503,239	327,550	(553,692)	277,097
Human Support Services				
Health and Welfare	97,217	47,944	(4,131)	141,030
Recreation	17,795	53,909	(29,165)	42,539
Human Relations	179	15	-	194
Total	115,191	101,868	(33,296)	183,763
Public Works				
Environmental	593,615	271,496	(359,979)	505,132
Total	593,615	271,496	(359,979)	505,132
Totals	**$ 1,325,618**	**$ 894,154**	**$ (999,864)**	**$ 1,219,908**

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

This section discloses financing programs that are limited obligations and other similar debt instruments that provide capital financing for third- parties that are not part of the District's reporting entity. The District has no obligation for these instruments beyond the repayment of resources provided by a third-party or the remittance of incremental revenues collected.

A. INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District, thereby supporting the District's economic base. As of September 30, 2016, the aggregate outstanding principal amount for these conduit debt obligations was approximately $4.7 billion.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2016.

B. ENTERPRISE ZONE FACILITY BONDS

Beginning January 1, 1998, businesses located in the District of Columbia Enterprise Zone are eligible to obtain up to $15 million of tax-exempt financing. Similar to Industrial Revenue Bonds, the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The Enterprise Zone Program has not been extended by Congress, since approximately December 2011. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. As of September 30, 2016, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was $28.4 million.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2016.

C. TAX INCREMENT FINANCING (TIF) NOTES

Tax increment financing (TIF) is an economic development tool used to facilitate the financing of business investment activities within a locality. The sole source of repayment of the TIF Notes is the incremental sales and/or real property tax revenues from the associated project or TIF area. Therefore, the District has no obligation to make any payments on the TIF Notes other than through the remittance of the incremental revenues to the paying agent. TIF Notes are not obligations of the District and are not included as long-term liabilities of the District.

Fort Lincoln Retail Project

In November 2011, the District issued Phase I and Phase II TIF Notes for the Fort Lincoln Retail Project in the total amount of $10,000. The $6,700 Phase I TIF Note was fully repaid on December 1, 2014. The $3,300 Phase II TIF Note was released from escrow and fully repaid on June 1, 2016.

Downtown Retail Priority Area: National Crime and Punishment Museum, Madame Tussauds, Forever 21, and Clyde's

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program. The National Crime and Punishment Museum TIF Note was terminated on January 18, 2016 as a result of its lease termination. The Madame Tussauds TIF Note was fully repaid on December 1, 2015.

Table N22 presents a summary of the original loan amounts of the Downtown Retail Priority Area TIF Notes which remained outstanding as of September 30, 2016.

Table N22 – Downtown Retail Priority Area TIF Notes

Issuance Date	Description	Dollar Value/ Amount (in $000s)	Terms/Other Comments
February 2011	Forever 21 TIF Note	$4,985	Matures on February 1, 2021; Interest Rate: 6.00%
May 2011	Clyde's TIF Note	$4,472	Matures on December 1, 2021; Interest Rate: 5.50%

Verizon Center

In December 2007, the District issued $50,000 in taxable financing notes to finance upgrades at the Verizon Center. The 2007A Note was issued in the amount of $43,570 at a fixed interest rate of 6.73% and matures on August 15, 2047. The 2007B note was issued in the amount of $6,430 at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These notes are a special limited obligation of the District and are secured by a portion of the taxes on certain on-site personal property, services and public ticket sales at the Verizon Center. In the event such taxes are not sufficient, the notes are further secured by incremental tax revenues from the Downtown TIF Area, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Great Streets Retail Priority Areas

In September 2009, the Mayor executed the first Great Streets TIF, the Georgia Avenue Retail Project Great Streets TIF Note, in the amount of approximately $1,935. The interest rate on the Note is 5.00%. The Note has a maturity date of June 1, 2035.

In May 2011, the Mayor executed the Howard Theatre TIF Note in the amount of $4,000. The interest rate on the Note is 6.50%, and the note has a maturity date of May 26, 2021.

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

The District issues Payment in Lieu of Taxes Revenue Notes pursuant to the provisions of the District of Columbia Home Rule Act (D.C. Code § 1-201.01, et seq), the Payment in Lieu of Taxes Act of 2004 (D.C. Code §1-308.01, et seq. (2001 ed.)), collectively referred to as the "PILOT Act", and the Payment in Lieu of Taxes Revenue Bonds Southwest Federal Center Approval Resolution of 2006 (Collectively, the "Resolution"), to assist project developers with financing, refinancing or reimbursing certain development costs. These PILOT Revenue Notes are non-recourse to the District and do not constitute a pledge of or involve the full faith and credit or taxing power of the District. Accordingly, such notes are not obligations of the District and are not reported as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2016.

Table N23 presents a summary of the original amounts of the PILOT Revenue Notes.

Table N23 – PILOT Revenue Notes

Issuance Date	Description	Dollar Value Amount (in $000s)	Terms/Other Comments
August 2011	Rhode Island Metro Plaza Project, Series 2010	$7,200	Matures on September 30, 2032; Interest Rate: 5.78%
August 2010	Foundry Lofts Project Series 2010	$5,660	Matures on January 1, 2038; Interest Rate: 5.16%

Rhode Island PILOT Note

In August 2011, the Mayor executed a revised PILOT Revenue Note for the Rhode Island Metro Plaza Project, in the amount of $7,200. The note will mature on September 30, 2032 and has an interest rate of 5.78%. The note is to be repaid from PILOT revenues from the Rhode Island PILOT Area.

Southeast Federal Center PILOT Program (Foundry Lofts Project)

In August 2010, the Mayor executed the first PILOT note under the Southeast Federal Center PILOT Program, for the Foundry Lofts Project. The note, in the amount of $5,660, bears interest at 5.16% and will mature on January 1, 2038. The note is to be repaid from PILOT revenues from the project. If such PILOT revenues are insufficient to pay the principal and interest on the note when due, the payment shortfall will not constitute a default. However, if the PILOT revenues are sufficient to pay the principal and interest on the note when due, the District must pay the amount of any previous shortfall(s) to the Development Sponsor without any penalty interest or premium thereon.

E. GROUND LEASE AGREEMENT RELATED TO THE WASHINGTON CONVENTION CENTER HEADQUARTERS (HQ) HOTEL

Pursuant to an agreement dated October 26, 2010, the District and the Washington Convention and Sports Authority (WCSA), as landlords, leased land to HQ Hotel, LLC (tenant) for a period of 97 years in connection with the development and operation of a convention center hotel. The lease payments are structured to repay the District and WCSA for their costs of acquiring the land and structures for the hotel. All lease payments are dedicated to the repayment of the WCSA bonds that were issued to support the hotel. The land is to be continuously used for the operation of the hotel, including any associated ancillary uses and amenities.

Under the agreement, Marriott HQ Hotel, LLC is to pay rent to the District and WCSA as follows:

- Rental payments to the District are to begin on June 1, 2017. Over the lease period, HQ Hotel, LLC is to pay the District the net present value of $69.7 million, which shall be paid in advance in monthly installments, consistent with the basic rent schedule established for each year of the lease. The first monthly installment will be $46,823 (not in thousands).
- With respect to WCSA, payments began on October 1, 2014. Over the lease period, HQ Hotel, LLC is to pay WCSA the net present value of $30.5 million, which shall be paid in advance in monthly installments, consistent with the basic rent schedule established for each year of the lease. As of September 30, 2016, the monthly installment was $203,339 (not in thousands).

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

F. NONEXCHANGE FINANCIAL GUARANTEES

Credit Enhancement Facility Agreements

In accordance with Section 603(e)(3)(c)(iii) of the Student Loan Marketing Association Reorganization Act of 1996 (20 U.S.C. 1155(e)(3)(iii)) and D.C. Code §2-301.05a, the District, through its Office of the State Superintendent for Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. As of September 30, 2016, the total outstanding guaranteed amount under credit enhancement facility agreements was $5 million.

In the event that a public charter school defaults on its monetary obligations associated with its credit enhancement facility agreement, the District (OSSE) may at its sole discretion, cure the default on the school's behalf. Provisions are included in each credit enhancement facility agreement for the school to repay the District for any amounts paid on its behalf or associated costs incurred in fulfilling the guarantee.

During fiscal year 2016, the District did not make any payments in connection with the credit enhancement facility agreements. In addition, as of September 30, 2016, no liability has been recorded in connection with these agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the "more likely than not" criterion. As such, the District has determined that it is not "more likely than not" that amounts will be paid under the outstanding guarantees.

Table N24 presents additional information regarding these guarantees.

Table N24 – Summary of OSSE Credit Enhancement Facility Agreements

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount (in $000s)	Effective Date	Termination Date	Outstanding Amount at 9/30/2016 (in $000s)
Next Step Public Charter School	Guarantee of lease payments of the school's tenant as credit enhancement to induce lender to provide loan to finance a portion of the acquisition costs for the school's facilities	Next Step Public Charter School	$ 500	12/19/2011	Earlier of: (1) when the beneficiary's tenant, Career Academy Public Charter School, has achieved two consecutive years of minimum annual lease payments of $486 (thousand) and minimum enrollment of 180 students, or (2) five years from the date of execution of the credit enhancement guarantee agreement	$ 500
Paul Public Charter School	Guarantee to support the financing of facility construction and acquisition costs related to the renovation and expansion of the school's campus	Bank of America	500	4/2/2014	Five years from the date of the credit enhancement closing	500
Mundo Verde Bilingual Public Charter School	Guarantee of collection to induce United Bank to purchase the revenue bonds issued to finance a portion of the school's costs of acquiring and renovating Cook Elementary School	United Bank	1,000	1/14/2014	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifth anniversary of the date of execution of the guarantee	1,000
Two Rivers Public Charter School	Guarantee to support the refinancing of construction costs of the Charles E. Young School Property	SunTrust Bank	1,000	12/11/2015	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	1,000
Charter School Incubator Initiative	Guarantee to facilitate funding for the costs of renovation and construction of the property located at 500 19th Street, NE, Washington, DC	United Bank	1,000	10/28/2015	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	1,000

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Mamie D. Lee, LLC	Guarantee to facilitate funding for the costs of renovation and construction of Mamie D. Lee School property	Low Income Investment Fund	1,000	4/5/2016	Earlier of: (1) the payment in full of all amounts owed to the lender under the loan agreement, or (2) on the fifteenth business day after the fifth anniversary of the date of execution of the guarantee	1,000
			Total Outstanding Guaranteed Amount			**$ 5,000**

Tax Increment Financing and the Downtown TIF Area

Tax increment financing (TIF) is a tool that is used by the District to help finance the costs of economic development business investment activities within the city. TIF Notes are special limited obligations of the District, secured by the incremental sales and/or real property tax revenues derived from the associated project. The District is not obligated to make any payments under TIF Note agreements other than through the remittance of incremental revenues to a paying agent.

For certain projects, the District secured the TIF Notes by also pledging to use a portion of the incremental tax revenues from the District's Downtown TIF area, if necessary.

Table N25a presents the projects, the TIF arrangements, and the estimate of future outflows as of September 30, 2016, under each TIF.

Table N25a – Projects with Financial Guarantee Funded by Incremental Tax Revenues from the Downtown TIF Area

Project	Type of Financing	Date Issued	Maturity Date	Amount (in $000s)	Estimate of Future Outflows at 9/30/2016* (in $000s)
Verizon Center	TIF Notes	December 2007	08/15/2047	$ 50,000	$ 3,481
Howard Theatre	TIF Notes	May 2011	05/26/2021	4,000	350
				Total	**$ 3,831**

** Release of incremental taxes related to the specific project*

District of Columbia Collateral Support Program

Pursuant to the Small Business Jobs Act of 2010 (Public Law 111-240), the District sponsors the District of Columbia Collateral Support Program (DCCSP), a Small Business Credit Initiative, which is funded by the U.S. Department of Treasury. Administered by the Department of Insurance, Securities and Banking (DISB), the DCCSP provides capital to small businesses with insufficient collateral for a loan by depositing cash collateral with lenders. In turn, the lenders extend loans to eligible businesses that otherwise might not qualify for such loans due to a collateral value shortfall. Participating lenders including federally chartered banks, insured credit unions and community financial institutions are required to sign a participation agreement with DISB. Eligible borrowers must obtain Certified Business Certification, a designation granted by the District Department of Small and Local Business Development, and also meet the DCCSP eligibility requirements. The DCCSP allows small businesses to use the proceeds, among other approved business needs, to purchase equipment and inventory, fund expansion and renovation costs, start-up costs, leasehold improvements and refinancing.

Unless an extension is granted by DISB, at the maturity date of the term loan, or the termination date of the line of credit, the security interest granted by the cash collateral deposit agreement is automatically terminated and all funds and other investment property representing the cash collateral are to be disbursed to DISB. In the event that the borrower defaults on its monetary obligations associated with the cash collateral deposit agreement, the participating lender may apply up to 100 percent of the cash collateral to the remaining default principal balance. Provisions are included in each cash collateral deposit agreement for the lender to first pursue and exhaust all applicable collection efforts prior to drawing from the cash collateral account associated with the DCCSP.

During fiscal year 2016, the District did not make any payments in connection with the District of Columbia Collateral Support Program. In addition, as of September 30, 2016, no liability has been recorded in connection with these cash collateral deposit agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the "more likely than not" criterion. As such, the District has determined that it is not more likely than not that amounts will be paid under the outstanding guarantees. As of September 30, 2016, the total outstanding guaranteed amount under cash collateral agreements by DCCSP was $6.4 million.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N25b presents additional information regarding these guarantees.

Table N25b – District of Columbia Collateral Support Program Financial Guarantees

Borrower	Type of Financing	Guarantee Amount (in $000s)	Effective Date	Lender	Termination/ Maturity Date	Outstanding Amount at 9/30/2016 (in $000s)
Brougton Construction Company, LLC	Line of Credit	$ 750	4/1/2013	Industrial Bank	3/31/2017	$ 750
Forney Enterprises, Inc.	Term Loan	423	4/15/2013	Industrial Bank	5/15/2018	220
Forney Enterprises, Inc.	Line of Credit	500	4/15/2013	Industrial Bank	3/31/2017	500
Bacon Funeral Home, Inc.	Term Loan	645	4/29/2013	Industrial Bank	5/29/2018	473
Brougton Construction Company, LLC	Line of Credit	150	4/11/2014	Industrial Bank	3/31/2017	150
Absolute Builders	Term Loan	72	7/1/2014	Bank of Georgetown	8/1/2016 with option for extension until March 2017	47
Baked by Yael, LLC	Term Loan	188	9/15/2014	Revere Bank	9/15/2021	188
Big City Foods III, LLC	Term Loan	120	9/24/2014	Industrial Bank	9/24/2019	87
Joon Hokim, Inc.	Term Loan	139	9/29/2014	Premara Bank	10/05/2019	134
JPN Masonry, LLC	Term Loan and Line of Credit	484	1/22/2015	City First Bank	1/22/2016 with option for extension until March 2017	463
Savage and Associates Law Group, PC	Line of Credit	125	4/13/2015	Bank of Georgetown	03/31/2017	125
Ivy and Coney, LLC	Term Loan	100	4/15/2015	Revere Bank	04/15/2020	100
Elite Physical Therapy & Wellness Center, Inc.	Term Loan and Line of Credit	61	4/27/2015	Industrial Bank	04/27/2019	54
Baked by Yael, LLC	Term Loan	25	6/8/2015	Revere Bank	06/08/2022	21
First Choice Masonry, Inc.	Line of Credit	982	8/13/2015	Bank of Georgetown	03/31/2017	982
Jubilee Housing, Inc.	Line of Credit	450	8/27/2015	United Bank	03/31/2017	225
Union Kitchen, LLC	Line of Credit	75	10/23/2015	Revere Bank	03/31/2017	75
Hot Yoga Ivy City, LLC	Term Loan	66	11/9/2015	Washington Area Community Investment, Inc.	03/31/2017	66
Solar Solution, LLC	Line of Credit	1,250	6/10/2016	First National Bank	03/31/2017	1,250
SwatchRoom, LLC	Line of Credit	150	6/20/2016	Columbo Bank	03/31/2017	150
Union Kitchen, LLC	Line of Credit	275	6/22/2016	Revere Bank	03/31/2017	275
David's Stars Child Development Center, Inc.	Term Loan	25	9/6/2016	Latino Economic Development Corporation	03/31/2017	25
Ice Cream Jubilee, LLC	Term Loan	75	9/6/2016	Revere Bank	03/31/2017	75
			Total outstanding guaranteed amount			**$ 6,435**

NOTE 7. SHORT-TERM LIABILITIES

TAX REVENUE ANTICIPATION NOTES

The District issued $250,000 in Tax Revenue Anticipation Notes (TRANs) on December 2, 2015. The TRANs are general obligations of the District, secured by the District's full faith and credit, and payable from available revenues, including tax revenues, of the District. The issuance of such notes during the first quarter of a fiscal year is a short-term financing method used to provide for seasonal cash flow needs in anticipation of the receipt of revenues for that fiscal year. Operational and other costs are covered by the proceeds from the TRANs until periodic taxes, grants, and other revenues are received. These notes, which were issued as fixed-rate notes with an interest rate of 1.50%, matured on September 30, 2016, and the District paid the notes in their entirety by the statutorily required deadline of September 30, 2016.

Table N26 presents the changes in short-term liabilities during fiscal year 2016.

Table N26 – Changes in Short-Term Liabilities

(Dollars in $000s)

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
Governmental Activities				
Tax Revenue Anticipation Notes	$ -	$ 250,000	$ (250,000)	$ -

NOTE 8. LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liabilities for the District's governmental activities and the business-type activities for the year ended September 30, 2016 are presented in **Table N27**.

Table N27 – Summary of Long-Term Liabilities Outstanding as of September 30, 2016

(Dollars in $000s)

Governmental Activities	Outstanding
General Obligation (GO) Bonds:	
Series 1998B, issued on April 16, 1998, in the amount of $451,635; final maturity date: June 1, 2021; interest rates ranging from 4.50% to 6.00%	$ 44,985
Series 2004B, issued on December 8, 2004, in the amount of $38,250; final maturity date: June 1, 2020; interest rate: MUNI-CPI Rate	9,460
Series 2005B, issued on December 15, 2005, in the amount of $116,475, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 1994B,1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Series 2005B Bonds; final maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	17,475
Series 2007A, issued on June 1, 2007, in the amount of $576,475, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2036; interest rates ranging from 3.00% to 4.75%	576,475
Series 2007B, issued on June 7, 2007, in the amount of $251,155, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 2001B, 2003A, 2003B, and 2005A) and pay the costs and expenses of issuing and delivering the Series 2007B Bonds; final maturity date: June 1, 2030; interest rates ranging from 4.50% to 5.25%	226,815
Series 2007C, issued on December 19, 2007, in the amount of $333,840, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2007C Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	236,125
Series 2008E, issued on August 27, 2008, in the amount of $327,905, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Series 2008E Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	253,240
Series 2008F, issued on August 27, 2008, in the amount of $151,615, to refund $150,585 of outstanding 1998A and 1998B Bonds and pay the costs and expenses of issuing and delivering the Series 2008F Bonds; final maturity date: June 1, 2025; interest rates ranging from 3.00% to 5.00%	113,135
Series 2010A, Build America Bonds, issued on December 22, 2010, in the amount of $181,330, to finance capital projects' expenditures and pay the costs and expenses of issuing and delivering the Series 2010A Bonds; final maturity date: June 1, 2023; interest rates ranging from 1.91% to 5.92%	107,150
Series 2013A, issued on December 18, 2013, in the amount of $495,425, to finance capital projects' expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; final maturity date: June 1, 2030; interest rates ranging from 2.00% to 5.00%	448,565
Series 2014A, issued on June 26, 2014, in the amount of $99,985, to finance all or a portion of the costs of certain capital projects of the District; final maturity date: June 1, 2039; interest rate: variable equal to an adjusted SIFMA rate (1.20% as of September 30, 2016)	99,985
Series 2014B, issued on June 26, 2014, in the amount of $224,315 of which $224,300 was to refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008C, and $15 (thousand) to fund new capital projects; maturity date: June 1, 2027; variable rate bonds bearing interest at varying monthly rates (0.77% as of September 30, 2016)	224,315
Series 2014C, issued on October 23, 2014, in the amount of $379,355, to finance capital projects' expenditures under the District's capital improvements plan and pay the costs and expenses of issuing and delivering the Series 2014C Bonds; final maturity date: June 1, 2026; interest rates ranging from 3.00% to 5.00%	379,355
Series 2014D, issued on October 23, 2014, in the amount of $136,190, to refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008A, Series 2008D; and pay the costs and expenses of issuing and delivering the Series 2014D Bonds; final maturity date: June 1, 2023; interest rates ranging from 1.00% to 5.00%	126,220
Series 2015A, issued on June 24, 2015, in the amount of $500,000, to finance capital projects' expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Series 2015A Bonds; final maturity date: June 1, 2040; interest rate: 5.00%	500,000
Series 2015B, issued on June 24, 2015, in the amount of $34,190, to refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2005B; and pay the costs and expenses of issuing and delivering the Series 2015B Bonds; final maturity date: June 1, 2027; interest rate: 5.00%	34,190
Series 2016A, issued on June 23, 2016, in the amount of $431,815, to finance capital project expenditures under the District's capital improvements plan; and pay the costs and expenses of issuing and delivering the Bonds; final maturity date: June 1, 2036; interest rates ranging from 1.75% to 5.00%	431,815
Total General Obligation Bonds	**$ 3,829,305**

NOTE 8. LONG-TERM LIABILITIES

		Outstanding
Qualified Zone Academy Bonds (QZAB):		
Qualified Zone Academy Bonds, issued on December 28, 2005, in the amount of $3,191; final maturity date: December 28, 2020 (non-interest bearing)	$	887
Qualified Zone Academy Bonds, issued on May 29, 2008, in the amount of $2,360; final maturity date: December 1, 2017 (non-interest bearing)		472
Qualified Zone Academy Bonds, issued on June 30, 2010, in the amount of $4,140; final maturity date: December 1, 2024 (non-interest bearing)		2,486
Total Qualified Zone Academy Bonds	**$**	**3,845**
Income Tax Secured Revenue Bonds:		
Series 2009A, issued in March 2009, in the amount of $491,645, to provide funds for capital projects and pay for financing costs; final maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	$	421,625
Series 2009B, issued in March 2009, in the amount of $309,685, to refund outstanding debt (Series 2000A, 2000B, 2003C and 2003D general obligation bonds) and pay for financing costs; final maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%		236,300
Series 2009C, issued in September 2009, in the amount of $270,455, to refund the District's Series 1999A and Series 1999B general obligation bonds and pay for financing costs; final maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%		102,060
Series 2009D, issued in December 2009, in the amount of $129,620, to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the Series 2009D Bonds; final maturity date: December 1, 2017; interest rates ranging from 2.50% to 5.00%		41,345
Series 2009E Build America Bonds, issued in December 2009, in the amount of $501,290 to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the 2009E Bonds; maturity date: December 1, 2034; interest rates ranging from 4.34% to 5.59%		501,290
Series 2010A, issued in March 2010, in the amount of $694,300, to refund the following outstanding general obligation bonds: Series 1998B, Series 1999A, Series 2001B, Series 2001C, Series 2001D, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A, Series 2007C, Series 2008E and Series 2008F and pay for the financing costs of the Series 2010A Bonds; final maturity date: December 1, 2031; interest rates ranging from 3.00% to 5.00%		694,300
Series 2010B, issued in March 2010, in the amount of $14,040, to terminate an interest rate swap agreement related to the Series 2002D General Obligation Bonds which were refunded by the issuance of the Series 2010A Bonds and pay the costs of issuance associated with the 2010 Bonds; final maturity date: December 1, 2017; interest rate: 4.05%		14,040
Series 2010D Qualified School Construction Bonds, issued in June 2010, in the amount of $32,945, to pay for the costs of Qualified School Construction projects and financing cost; final maturity date: December 1, 2026; interest rate: 5.00%		32,945
Series 2010F Build America Bonds, issued in December 2010, in the amount of $342,615, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2010F Bonds; final maturity date: December 1, 2035; interest rates ranging from 4.71% to 5.58%		342,615
Series 2011A, issued in September 2011, in the amount of $138,470, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2011A Bonds; final maturity date: December 1, 2036; interest rates ranging from 1.00% to 5.00%		127,325
Series 2011B-E, $241,735, issued in November 2011 to: (a) refund $63,335 of the remaining outstanding principal amount of Series 2010C, Income Tax Secured Revenue Refunding Bonds; and $31,930 of Series 2010E Income Tax Secured Revenue Refunding Bonds; (b) refund General Obligation Bonds Series 2003A and 2003B; and (c) pay the costs and expenses of issuing and delivering the Series 2011B-C-D-E Bonds. As of September 30, 2016, Series 2011B, 2011C and 2011D were paid off. The outstanding balance is related to the Series 2011E, which has a final maturity of December 1, 2017; interest rates: variable equal to an adjusted SIFMA rate (1.59% as of September 30, 2016)		56,525
Series 2011F-G Bonds, $400,720, issued in December 2011 to pay for costs of capital projects and costs and expenses of issuing and delivering the Series F-G Bonds; final maturity date: December 1, 2036; interest rates ranging from 2.00% to 5.00%		360,850
Series 2012A-B Bonds, $314,110, issued in May 2012 to refund a portion of the District's GO Bonds, Series 2002C, 2004A and 2005A and pay the costs and expenses of issuing and delivering the Series 2012A-B Bonds; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.00%		293,845
Series 2012C-D Bonds, $775,770, issued on November 28, 2012, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue); final maturity date: December 1, 2037; interest rates ranging from 2.00% to 5.00%		723,155
Series 2014A, issued on September 10, 2014, in the amount of $155,665 to currently refund the District's outstanding Certificates of Participation, Series 2003 and to advance refund the District's outstanding Certificates of Participation, Series 2006 and pay the costs and expenses of issuing and delivering the Series 2014A Bonds; final maturity date: December 1, 2025; interest rates ranging from 1.00% to 5.00%		138,200

NOTE 8. LONG-TERM LIABILITIES

Series 2014B, issued on November 25, 2014, in the amount of $60,875 to currently refund the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A matured December 1, 2014 and pay the costs and expenses of issuing and delivering the Series 2014B Bonds; final maturity date: December 1, 2017; interest rates: variable equal to an adjusted SIFMA rate (1.14% as of September 30, 2016)		58,160
Series 2015A, issued on November 24, 2015, in the amount of $95,575 to currently refund $39,900 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B, and $55,220 of Series 2011E that matured December I, 2015; and pay the costs and expenses of issuing and delivering the Series 2015A; final maturity date: December 1, 2016; interest rates: variable equal to an adjusted SIFMA rate (0.96% as of September 30, 2016)		95,575
Total Income Tax Secured Revenue Bonds	**$**	**4,240,155**
Tobacco Settlement Asset-Backed Bonds:		
Series 2001, issued on February 1, 2001, in the amount of $521,105; final maturity on May 15, 2040; interest rates ranging from 5.20% to 6.75%	$	352,710
Series 2006, issued on August 30, 2006, in the amount of $248,264; final maturity on June 15, 2055; interest rates ranging from 6.25% to 7.25%		248,264
Total Tobacco Settlement Asset-Backed Bonds	**$**	**600,974**
Tax Increment Financing (TIF) Bonds:		
Tax Increment Revenue Refunding Bonds (Gallery Place Project, Series 2012), issued on June 21, 2012, in the amount of $52,365 to: (a) refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002 and (b) pay the costs and expenses of issuing and delivering the Series 2012 Bonds; final maturity: June 1, 2031; interest rates ranging from 3.00% to 5.00%	$	44,755
Mandarin Oriental Hotel TIF Bonds, issued on April 1, 2002, in the amount of $45,995; final maturity: July 1, 2022; interest rate yields ranging from 4.26% to 5.48%		13,637
City Market at O Street TIF Bonds, issued on November 17, 2011, in the amount of $38,650; final maturity: June 1, 2041; interest rates ranging from 3.00% to 5.13%		38,430
Total Tax Increment Financing (TIF) Bonds	**$**	**96,822**
Ballpark Revenue Bonds:		
Series 2006A, issued on May 15, 2006, $154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rates ranging from 5.96% to 6.17%	$	150,570
Series 2006B-1, issued on May 15, 2006, $354,965 (Tax-Exempt) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rates ranging from 4.00% to 5.50%		220,735
Total Ballpark Revenue Bonds	**$**	**371,305**
Federal Highway Grant Anticipation Revenue Bonds (GARVEE):		
Series 2011, issued on February 16, 2011, in the amount of $82,610, to: (a) finance a portion of the 11th Street Bridge Project, (b) pay certain costs of issuing the Series 2011 Bonds, and (c) fund the Senior Lien Bonds Debt Service Reserve Subaccount; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.25%	$	61,070
Series 2012, issued on October 10, 2012, in the amount of $42,935, to: (a) finance Phase II of the 11th Street Bridge Project, and (b) pay costs of issuing the Series 2012 Bonds; maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.00%		36,350
Total Federal Highway Grant Anticipation Revenue Bonds (GARVEE)	**$**	**97,420**
Deed Tax Revenue Bonds (Housing Production Trust Fund Program):		
Series 2007A, issued on May 31, 2007, in the amount of $34,105, to finance, refinance and reimburse a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project and pay the costs of issuance of the Series 2007A Bonds; final maturity date: June 1, 2037; interest rates ranging from 4.00% to 5.00%	$	28,360
Series 2010A-C, issued on August 24, 2010, in the amount of $53,190 to: (a) finance, refinance and reimburse a portion of the costs of the New Communities Initiatives, (b) satisfy the debt service reserve requirement, and (c) pay costs of issuance of the Series 2010 Bonds; final maturity date: June 1, 2040; interest rates ranging from 3.50% to 5.00%		47,685
Series 2012A-B, issued on December 6, 2012, in the amount of $39,585 to: (a) fund portions of the New Communities Projects, (b) fund a deposit to the Debt Service Reserve Fund, and (c) pay cost of issuing the Series 2012 Bonds; final maturity date: June 1, 2042; interest rates ranging from 3.00% to 5.00%		36,920
Total Deed Tax Revenue Bonds (Housing Production Trust Fund Program)	**$**	**112,965**
PILOT Revenue Bonds and Notes:		
Anacostia Waterfront Corporation (AWC) PILOT Revenue Bonds, issued in September 2007, in the amount of $111,550, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River waterfront; final maturity date: December 1, 2021; interest rate: 4.46%	$	54,675
Southeast Federal Center PILOT Revenue Note (The Yards Project) Series 2014, issued in December 2014, in the amount of $34,800, to reimburse Forest City SEFC, LLC for public infrastructure associated with the phased development of The Yards, an approximately 42 acre site located in the southeast quadrant of the District; final maturity date: December 1, 2037; interest rate: 0.75% of the LIBOR 30-day index plus 1.70%. The note is structured as a 5-year interest-only draw-down note, with interest paid on drawn funds and has a mandatory repurchase date of December 18, 2019 when it will be extended or refinanced. Total cumulative draw-downs as of September 30, 2016 is $18,067		14,093

NOTE 8. LONG-TERM LIABILITIES

Southwest Waterfront Project Revenue Bonds (The Wharf Project) Series 2015 issued in September 2015, in the amount of $145,445, to finance construction of public infrastructure at the Southwest Waterfront (the Wharf), a 24 acre mixed use project in Southwest Washington; final maturity date: June 1, 2040; interest rates ranging from 2.82% to 5.04%		145,445
Total PILOT Revenue Bonds and Notes	**$**	**214,213**
Total Bonds and Notes	**$**	**9,567,004**

Other Long-Term Liabilities:		
225 Virginia Avenue lease	$	89,531
Premium on long-term debt		580,293
Equipment financing program		61,139
Accreted interest		235,721
Capital leases		1,837
Long-term tax refunds		135,566
Long-term payroll accrual		10,538
Annual leave		170,205
Disability compensation		130,438
Grant disallowances		15,189
Claims and judgments		145,974
Total Other Long-Term Liabilities	**$**	**1,576,431**
Total Long-Term Liabilities – Governmental Activities	**$**	**11,143,435**

Business-Type Activities		**Outstanding**
Obligation for unpaid prizes, D.C. Lottery and Charitable Games Control Board	$	2,336
Compensated Absences		443
Total Long-Term Liabilities – Business-Type Activities	**$**	**2,779**

NOTE 8. LONG-TERM LIABILITIES

B. ANNUAL DEBT SERVICE REQUIREMENTS

Tables N28 through **N42** present annual debt service requirements to maturity for the District's outstanding long-term liabilities as of September 30, 2016.

Table N28 – Debt Service Requirements to Maturity – General Obligation Bonds

(Dollars in $000s)

Year Ending September 30	General Obligation Bonds Principal	Interest	Total
2017	$ 130,055	$ 181,560	$ 311,615
2018	122,340	176,512	298,852
2019	136,365	170,258	306,623
2020	178,480	163,238	341,718
2021	168,120	154,303	322,423
2022-2026	762,040	655,032	1,417,072
2027-2031	774,310	478,324	1,252,634
2032-2036	1,000,310	261,351	1,261,661
2037-2041	557,285	49,800	607,085
Total	**$ 3,829,305**	**$ 2,290,378**	**$ 6,119,683**

Table N29 – Debt Service Requirements to Maturity – Qualified Zone Academy Bonds

(Dollars in $000s)

Year Ending September 30	QZAB Principal
2017	$ 690
2018	690
2019	454
2020	454
2021	454
2022-2026	1,103
Total	**$ 3,845**

Table N30 – Debt Service Requirements to Maturity– Income Tax Secured Revenue Bonds

(Dollars in $000s)

Year Ending September 30	Income Tax Secured Revenue Bonds Principal	Interest	Total
2017	$ 119,300	$ 203,980	$ 323,280
2018	159,040	197,865	356,905
2019	186,000	190,183	376,183
2020	158,800	182,605	341,405
2021	171,165	175,124	346,289
2022-2026	1,228,140	717,096	1,945,236
2027-2031	1,225,880	396,294	1,622,174
2032-2036	853,970	131,383	985,353
2037-2038	137,860	5,302	143,162
Total	**$ 4,240,155**	**$ 2,199,832**	**$ 6,439,987**

Table N31 – Debt Service Requirements to Maturity – Tobacco Settlement Asset-Backed Bonds

(Dollars in $000s)

Year Ending September 30	Tobacco Bonds Principal	Interest	Total
2017	$ 35,060	$ 23,395	$ 58,455
2018	23,600	21,116	44,716
2019	25,755	19,582	45,337
2020	28,070	17,908	45,978
2021	30,530	16,083	46,613
2022-2026	209,695	48,915	258,610
2042-2046	159,733	1,697,592	1,857,325
2052-2055	88,531	2,478,469	2,567,000
Total	**$ 600,974**	**$ 4,323,060**	**$ 4,924,034**

Table N32 – Debt Service Requirements to Maturity – Gallery Place TIF Bonds

(Dollars in $000s)

Year Ending September 30	Gallery Place Principal	Interest	Total
2017	$ 2,075	$ 2,238	$ 4,313
2018	2,180	2,134	4,314
2019	2,290	2,025	4,315
2020	2,400	1,911	4,311
2021	2,520	1,791	4,311
2022-2026	14,625	6,931	21,556
2027-2031	18,665	2,891	21,556
Total	**$ 44,755**	**$ 19,921**	**$ 64,676**

NOTE 8. LONG-TERM LIABILITIES

Table N33 – Debt Service Requirements to Maturity – Mandarin Oriental Hotel TIF Bonds

(Dollars in $000s)

Year Ending September 30	Mandarin Oriental Hotel		
	Principal	Interest	Total
2017	$ 1,761	$ 2,744	$ 4,505
2018	1,650	2,859	4,509
2019	1,544	2,960	4,504
2020	1,448	3,057	4,505
2021	2,954	1,555	4,509
2022	4,280	224	4,504
Total	**$ 13,637**	**$ 13,399**	**$ 27,036**

Table N34 – Debt Service Requirements to Maturity – City Market at O Street TIF Bonds

(Dollars in $000s)

Year Ending September 30	City Market at O Street		
	Principal	Interest	Total
2017	$ 300	$ 1,871	$ 2,171
2018	350	1,862	2,212
2019	450	1,851	2,301
2020	550	1,836	2,386
2021	625	1,817	2,442
2022-2026	5,400	8,562	13,962
2027-2031	7,890	6,996	14,886
2032-2036	10,025	4,857	14,882
2037-2041	12,840	2,040	14,880
Total	**$ 38,430**	**$ 31,692**	**$ 70,122**

Table N35 – Debt Service Requirements to Maturity – Ballpark Revenue Bonds

(Dollars in $000s)

Year Ending September 30	Ballpark Bonds		
	Principal	Interest	Total
2017	$ 1,880	$ 20,237	$ 22,117
2018	9,835	19,921	29,756
2019	10,875	19,377	30,252
2020	3,055	18,999	22,054
2021	3,510	18,798	22,308
2022-2026	64,820	87,019	151,839
2027-2031	128,165	59,439	187,604
2032-2036	149,165	19,566	168,731
Total	**$ 371,305**	**$ 263,356**	**$ 634,661**

Table N36 – Debt Service Requirements to Maturity - Federal Highway Grant Anticipation Revenue Bonds (GARVEE)

(Dollars in $000s)

Year Ending September 30	Federal Highway Grant Anticipation Revenue Bonds		
	Principal	Interest	Total
2017	$ 7,250	$ 4,523	$ 11,773
2018	7,550	4,222	11,772
2019	7,905	3,871	11,776
2020	8,255	3,514	11,769
2021	8,640	3,127	11,767
2022-2026	50,225	8,613	58,838
2027-2028	7,595	384	7,979
Total	**$ 97,420**	**$ 28,254**	**$ 125,674**

Table N37 – Debt Service Requirements to Maturity – Deed Tax Revenue Bonds (Housing Production Trust Fund)

(Dollars in $000s)

Year Ending September 30	Housing Production Trust		
	Principal	Interest	Total
2017	$ 2,725	$ 5,100	$ 7,825
2018	2,850	4,972	7,822
2019	2,990	4,839	7,829
2020	3,140	4,689	7,829
2021	3,275	4,551	7,826
2022-2026	18,950	20,166	39,116
2027-2031	23,675	15,439	39,114
2032-2036	29,345	9,777	39,122
2037-2041	23,850	3,256	27,106
2042	2,165	87	2,252
Total	**$ 112,965**	**$ 72,876**	**$ 185,841**

NOTE 8. LONG-TERM LIABILITIES

Table N38 – Debt Service Requirements to Maturity – Anacostia Waterfront Corporation PILOT Revenue Bonds

(Dollars in $000s)

Year Ending September 30	Anacostia Waterfront Corporation		
	Principal	Interest	Total
2017	$ 8,200	$ 2,351	$ 10,551
2018	8,570	1,981	10,551
2019	8,960	1,594	10,554
2020	9,360	1,190	10,550
2021	9,685	767	10,452
2022	9,900	221	10,121
Total	**$ 54,675**	**$ 8,104**	**$ 62,779**

Table N39 – Debt Service Requirements to Maturity – The Yards PILOT Revenue Note

(Dollars in $000s)

Year Ending September 30	The Yards Project		
	Principal	Interest	Total
2017	$ -	$ 300	$ 300
2018	-	300	300
2019	-	300	300
2020	14,093	75	14,168
Total	**$ 14,093**	**$ 975**	**$ 15,068**

Table N40 – Debt Service Requirements to Maturity – Southwest Waterfront Project Revenue Bonds (The Wharf)

(Dollars in $000s)

Year Ending September 30	The Wharf Project		
	Principal	Interest	Total
2017	$ -	$ 6,636	$ 6,636
2018	-	6,636	6,636
2019	-	6,636	6,636
2020	4,330	6,636	10,966
2021	4,350	6,514	10,864
2022-2026	25,735	30,106	55,841
2027-2031	31,575	24,371	55,946
2032-2036	39,820	16,118	55,938
2037-2040	39,635	5,118	44,753
Total	**$ 145,445**	**$ 108,771**	**$ 254,216**

Table N41 – Debt Service Requirements to Maturity – 225 Virginia Avenue Lease

(Dollars in $000s)

Year Ending September 30	225 Virginia Avenue, LLC		
	Principal	Interest	Total
2017	$ 3,333	$ 5,941	$ 9,274
2018	3,565	5,709	9,274
2019	3,813	5,461	9,274
2020	4,078	5,195	9,273
2021	4,362	4,911	9,273
2022-2026	26,812	19,557	46,369
2027-2031	37,539	8,829	46,368
2032	6,029	154	6,183
Total	**$ 89,531**	**$ 55,757**	**$ 145,288**

Table N42 – Debt Service Requirements to Maturity – Equipment Financing Program

(Dollars in $000s)

Year Ending September 30	Equipment Financing		
	Principal	Interest	Total
2017	$ 26,397	$ 1,047	$ 27,444
2018	18,690	564	19,254
2019	11,614	230	11,844
2020	4,438	48	4,486
Total	**$ 61,139**	**$ 1,889**	**$ 63,028**

NOTE 8. LONG-TERM LIABILITIES

Table N43 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2016. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term.

As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary. Information on the District's derivative instruments is presented in Note 2, found on page 88.

Table N43 – Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments

(Dollars in $000s)

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2017	$ 8,200	$ 2,598	$ 9,306	$ 20,104
2018	8,570	2,493	9,041	20,104
2019	8,960	2,386	8,807	20,153
2020	43,270	2,270	8,435	53,975
2021	44,320	1,788	7,080	53,188
2022-2026	152,575	4,798	19,735	177,108
2027-2029	32,000	186	1,046	33,232
Total	**$ 297,895**	**$ 16,519**	**$ 63,450**	**$ 377,864**

C. LONG-TERM DEBT ACTIVITY DURING FISCAL YEAR

Table N44 presents long-term debt activity for the year ended September 30, 2016:

Table N44 – Long-Term Debt Activity

(Dollars in $000s)

	September 30, 2015	Additions	Reductions	September 30, 2016	Due Within One Year
Governmental activities:					
General obligation bonds	$ 3,530,770	$ 431,815	$ (133,280)	$ 3,829,305	$ 130,055
QZAB	4,791	-	(946)	3,845	690
Income tax secured revenue bonds	4,327,855	95,575	(183,275)	4,240,155	119,300
Tobacco settlement asset-backed bonds	616,404	-	(15,430)	600,974	35,060
Tax increment financing bonds	100,895	-	(4,073)	96,822	4,136
Ballpark revenue bonds	467,360	-	(96,055)	371,305	1,880
Federal highway grant anticipation revenue bonds (GARVEE)	104,395	-	(6,975)	97,420	7,250
Deed tax revenue bonds (housing production trust fund program)	115,565	-	(2,600)	112,965	2,725
PILOT revenue bonds	215,647	8,615	(10,049)	214,213	8,200
225 Virginia Avenue lease	92,646	-	(3,115)	89,531	3,333
Premium on long-term debt	586,507	84,235	(90,449)	580,293	55,251
Equipment financing program	86,717	11,368	(36,946)	61,139	26,397
Accreted interest	207,315	28,406	-	235,721	-
Capital leases	5,105	-	(3,268)	1,837	1,837
Long-term tax refunds	88,442	50,724	(3,600)	135,566	-
Long-term payroll accrual	10,686	-	(148)	10,538	-
Annual leave	160,949	9,501	(245)	170,205	168,264
Disability compensation	127,537	20,130	(17,229)	130,438	-
Grant disallowances	70,000	-	(54,811)	15,189	-
Claims and judgments	201,309	90,047	(145,382)	145,974	-
OPEB liability	10,006	-	(10,006)	-	-
Total long-term liabilities - Governmental activities	$ 11,130,901	$ 830,416	$ (817,882)	$ 11,143,435	$ 564,378
Business-Type activities:					
Obligation for unpaid prizes	$ 3,422	$ -	$ (1,086)	$ 2,336	$ 807
Compensated absences	439	4	-	443	-
Total long-term liabilities - Business-Type activities	$ 3,861	$ 4	$ (1,086)	$ 2,779	$ 807

NOTE 8. LONG-TERM LIABILITIES

NEW BOND ISSUANCES

General Obligation Bonds

In June 2016, the District issued $431,815 in General Obligation Bonds, Series 2016A. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of the principal of and interest on the Bonds when due. The Bonds are further secured by a security interest in the revenue derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation Parity Bonds when due.

The proceeds of the Series 2016A Bonds were used to finance capital project expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Bonds. The interest rates pertaining to the Series 2016A Bonds range between 1.75% and 5.00%.

Income Tax Secured Revenue Bonds

In November 2015, the District issued $95,575 in Income Tax Secured Revenue Refunding Bonds, Series 2015A. The proceeds of the Series 2015A Bonds were used to currently refund $39,900 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate) and currently refund $55,220 of the District's Income Tax Secured Revenue Refunding, Series 2011E (Adjusted SIFMA Rate) that matured December 1, 2015, and pay the costs and expenses of issuing and delivering the Series 2015A Bonds.

The Series 2015A Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which was 0.96% as of September 30, 2016.

INTEREST RATES ON GENERAL OBLIGATION BONDS AND INCOME TAX SECURED REVENUE BONDS

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.95% in fiscal year 2016. The weighted average interest rate on the District's variable rate bonds for fiscal year 2016 was 0.64%.

PLEDGED TAX REVENUES FOR DEBT SERVICE ON INCOME TAX SECURED REVENUE BONDS

During fiscal year 2016, the District collected $2,464,330 in Income and Business Franchise Taxes. Of this amount, $371,712, or 15.08%, was held in the General Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2017. The anticipated debt service amount for fiscal year 2017 is $323,280. Therefore, total available tax revenues collected and set aside in the Fund in fiscal year 2016 covers the total amount of anticipated debt service for fiscal year 2017 as presented in **Table N45:**

Table N45 – Debt Service Coverage Ratio (Income Tax Secured Revenue Bonds)

Available Tax Revenues Collected in FY 2016 (Dollars in $000s)		
Individual Income		$ 1,907,862
Business Franchise		556,468
Total		**$ 2,464,330**
Amount Held in Escrow for FY 2017 Debt Service	(a)	371,712
FY 2017 Debt Service Amount	(b)	323,280
Rate of Coverage		**115%**
(c)=(a)/(b)		

In fiscal year 2016, debt service on the Income Tax Secured Revenue Bonds totaled $267,857. The debt service coverage ratio was 9.20 to 1: Total available taxes of $2,464,330, divided by FY 2016 debt service of $267,857.

REFUNDINGS AND BOND DEFEASANCES

On November 24, 2015, the District issued $95,575 in Income Tax Secured Revenue Refunding Bonds, Series 2015A. The proceeds of the Series 2015A Income Tax Secured Revenue Refunding Adjusted SIFMA Rate bonds were used to current refund the Series 2011B and 2011E Income Tax Secured Revenue Refunding Adjusted SIFMA Rate bonds that matured December 1, 2015. As a result of this refunding, the stated maturities of the Series 2011B and 2011E bonds were both extended to December 1, 2016 while maintaining the bonds' planned amortization. Although this current refunding resulted in the defeasance of the outstanding Series 2011B bonds and 50% of the outstanding Series 2011E bonds, the economic gain or loss and the aggregate difference in debt service cannot be determined. Such determination could not be made because both the refunded debt and the refunding bonds have variable interest rates, which complicate the completion of accurate calculations.

As of September 30, 2016, the total amount of defeased debt outstanding held by the escrow agent was $10,195. This amount has been removed from the government-wide financial statements.

REDEMPTION: BALLPARK REVENUE BONDS

In fiscal year 2016, the District paid $96,055 in principal payments on the outstanding Ballpark Revenue Bonds, Series 2006A and 2006B-1. The payment includes $88,130 in addition to the minimum principal payment requirements. These additional payments were possible because the 2006B-1 bonds became callable in 2016. The additional payments were made from surplus revenues dedicated to the Ballpark Revenue Bonds.

NOTE 8. LONG-TERM LIABILITIES

GENERAL OBLIGATION DIRECT PURCHASE BOND PROGRAM

Direct purchase bonds are another form of debt financing in which the bonds are privately placed with a financial institution. This source of funding may be used in lieu of a public offering through a negotiated or competitive transaction. The District did not issue any direct purchase bonds in fiscal year 2016.

Table N46 provides an overview for each of the direct purchase obligation refunding(s).

Table N46 – General Obligation Direct Purchase Bonds

Series	Par Outstanding (in $000s)	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2014A	$ 99,985	6/1/2039	7-Day Reset / Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	6/23/2017
2014B	224,315	6/1/2027	Monthly Reset/ Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	6/23/2017
Total	**$ 324,300**					

D. OTHER LONG-TERM LIABILITIES

Equipment Financing Program

The District began its Master Equipment Lease Purchase Program in 1998 as a means of providing tax-exempt financing for assets with short-term to intermediate-term useful lives. District agencies use this program to procure such items as fire apparatus (trucks) and other emergency medical services equipment (ambulances); trucks and cranes used by the Department of Public Works; vehicles used by the Metropolitan Police Department; and other heavy equipment items.

As of September 30, 2016, the District had financed approximately $537 million of its capital equipment needs through the Master Equipment Lease Purchase Program since inception, and had approximately $61.14 million in principal outstanding. Payments are made on a quarterly basis. During the year, the average interest rate used to finance equipment through this program was 3.93%.

Obligation for Unpaid Prizes

The D.C. Lottery and Charitable Games Control Board (the Lottery) is a member of the Multi-State Lottery Association (MUSL), which is responsible for payments to Lotto-America and Powerball winners. MUSL is responsible for providing cash to the Lottery for funding these installment payments.

As of September 30, 2016, MUSL purchased for the Lottery, U.S. government securities totaling $2,410 to fund future installment payments to winners. The market value of these securities as of September 30, 2016, was $2,336. The Lottery has reflected the fair market value of the securities as restricted investments and as corresponding obligations for unpaid prizes on the statement of net position.

E. COMPONENT UNITS

Washington Convention and Sports Authority (WCSA)

On September 28, 1998, WCSA issued $524,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds (Series 1998A bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCSA issued $492,500 of refunding bonds, Series 2007A Bonds, to refund the Series 1998A Bonds. The refunding bonds have maturities ranging from October 1, 2008 to October 1, 2036 and interest rates ranging from 3.75% to 5.00%. The net proceeds of these refunding bonds were used to advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480,600. As a result, the refunded bonds were considered defeased and the liabilities for those were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $10,000.

Between June 2006 and July 2009, the Council passed a series of legislative Acts, which authorized the financing, construction and development of a privately owned and operated headquarters hotel for the Convention Center.

In October 2010, WCSA issued Senior Lien Dedicated Tax Revenue Bonds (Series 2010 Bonds) with face value of $249,200, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.10% to 7.00%. The proceeds are to be used to fund as needed a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel project. A portion of the proceeds was also used to defease to the earliest optional redemption date that portion of WCSA's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of $25,400. In addition, net proceeds from the issuance of the Series 2010 Bonds were used to purchase U.S.

NOTE 8. LONG-TERM LIABILITIES

government securities which were deposited in an irrevocable trust to provide debt service payments until the Series 2007A bonds are called or mature. Consequently, the aggregate principal amount of $25,400 from Series 2007A Bonds is considered to be defeased and therefore has been removed as a liability from WCSA's financial statements.

Table N47 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N47 – Washington Convention and Sports Authority Debt Service Requirements to Maturity

(Dollars in $000s)

Year Ending September 30	Principal	Interest	Total
2017	$ 19,760	$ 31,248	$ 51,008
2018	20,655	30,283	50,938
2019	21,600	29,244	50,844
2020	23,425	28,094	51,519
2021	24,545	26,885	51,430
2022-2026	143,135	114,479	257,614
2027-2031	195,450	71,873	267,323
2032-2036	67,335	36,214	103,549
2037-2040	86,995	10,742	97,737
Subtotal	**602,900**	**379,062**	**981,962**
Add:			
Unamortized Bond Premium - Net	10,299	-	10,299
Total	**$ 613,199**	**$ 379,062**	**$ 992,261**

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance the Agency's housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single-family residential mortgage loans purchased; or (c) investments of bond proceeds, debt service reserves and escrow accounts, and all revenues, mortgage payments, and recovery payments received by the Agency from investments, mortgage loans, and mortgage-backed securities in connection with the related developments.

Bonds issued by HFA are special obligations of the Agency and are payable from the revenue and special funds of the applicable indentures. The bonds and notes do not constitute debt of and are not guaranteed by the District or any other program of the District. All mortgage revenue bonds for multifamily projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as the issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums can range up to 5.00%. Under the Multi-Family (Conduit Bond) Program, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bond Issuances in Fiscal Year 2016

During fiscal years 2010 through 2016, HFA issued certain multifamily revenue bonds in a draw-down mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

For more information on HFA's long-term debt activity during fiscal year 2016, refer to the separately issued financial statements for that year. The contact information can be found in Note 1 on page 61.

Table N48 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N48 – Housing Finance Agency Debt Service Requirements to Maturity

(Dollars in $000s)

Year Ending September 30	Principal	Interest	Total
2017	$ 68,808	$ 42,283	$ 111,091
2018	14,954	41,083	56,037
2019	64,492	39,998	104,490
2020	15,165	39,070	54,235
2021	15,895	38,361	54,256
2022-2026	96,554	180,013	276,567
2027-2031	114,919	157,829	272,748
2032-2036	186,200	121,072	307,272
2037-2041	113,024	93,485	206,509
2042-2046	177,582	70,140	247,722
2047-2051	198,901	22,513	221,414
2052-2056	72,306	1,480	73,786
Subtotal	**1,138,800**	**847,327**	**1,986,127**
Add:			
Unamortized Bond Premium - Net	2,121	-	2,121
Total	**$ 1,140,921**	**$ 847,327**	**$ 1,988,248**

NOTE 9. RETIREMENT PROGRAMS

A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's Retirement Funds.

Civil Service Retirement System

Plan Description

The District contributes to the CSRS, a defined benefit, contributory retirement system, administered by the federal government's Office of Personnel Management (OPM). Permanent full-time District employees hired before October 1, 1987, except those covered by the District Retirement Funds, are covered by CSRS, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. In fiscal year 2016, there were 1,649 District employees who were covered by CSRS. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

Funding Policy

CSRS-covered employees contribute 7.00% of their base pay (annual salary) to CSRS and the District matches the contributions made by employees. Contribution requirements of those participating in the CSRS are established (and may be amended) by the OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. The District's CSRS contributions for the years ended September 30, 2016, 2015, and 2014, were $9,594, $10,240, and $11,030, respectively.

Social Security System

Plan Description

The District also contributes to the federal government's Social Security System, a program that provides benefits for retirement, disability, survivorship, and death, which is funded by dedicated payroll taxes. The Social Security Administration and the U.S. Departments of Health and Human Services, Labor, and the Treasury administer this program. The authority to establish and amend policy and benefit provisions rests with the President and Congress of the United States.

Funding Policy

Consistent with the Federal Insurance Contributions Act (FICA), a 6.20% Social Security tax is to be withheld from the gross salary/wages of District employees, up to but not exceeding the applicable social security wage base, which was $118,500 (not in thousands) for 2016, in addition to the District's matching contribution of 6.20% FICA taxes on behalf of the District employees. Moreover, the District also pays a 1.45% payroll tax for Medicare with an additional 1.45% being withheld from each employee's salary/wages as the employee's portion of the Medicare tax.

Beginning January 1, 2013, Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers, including the District, are responsible for withholding the 0.90% Additional Medicare Tax on an individual's wages paid in excess of $200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which wages paid to an employee in the calendar year exceed $200,000. There is no employer match for the Additional Medicare Tax.

District contributions to the Social Security System for FICA, for the years ended September 30, 2016, 2015 and 2014, were $89,350, $81,295, and $75,062, respectively. In addition, District contributions for Medicare for fiscal years 2016, 2015 and 2014 were $35,670, $32,470, and $30,007, respectively.

District Retirement Funds

General Information about the Pension Plans

Plan Description: The District of Columbia Retirement Board (DCRB or Board) administers the District Retirement Funds (D.C. Code §4-601, 11-1561, 31-120), which consist of two single-employer defined benefit pension plans, one established for the District's teachers (the District of Columbia Teachers' Retirement Fund or TRF), and the other for the District's police officers and firefighters (the District of Columbia Police Officers' and Firefighters' Retirement Fund or POFRF). Each plan provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Title 38, Chapter 20 of the D.C. Code (D.C. Code § 38-2001, et seq. (2001 ed.)) assigns the authority to establish and amend benefit provisions to the Council of the District of Columbia (the Council) for the Teachers' Plan. Retirement and disability benefit provisions for police and firefighters are established by the Policemen and Firemen's Retirement and Disability Act (D.C. Code §5-701 et seq. (2001 ed.)).

DCRB issues a publicly available financial report which includes financial statements and required supplementary information for the plans. This report can be obtained from the Executive Director, District of Columbia Retirement Board, 900 7th Street, N.W., 2nd Floor, Washington, DC 20001 or online at:

http://dcrb.dc.gov.

Benefits provided:

- The District of Columbia Teachers' Retirement Fund:

  Permanent, temporary, part-time and probationary teachers and certain other employees of the District

NOTE 9. RETIREMENT PROGRAMS

of Columbia public day schools are automatically enrolled in the Teachers' Retirement Fund on their date of employment. Certain D.C. Public Charter School employees are also eligible to participate. D.C. Code § 38-2021.01 et seq. (2001 Ed.) establishes benefit provisions which may be amended by the Council. For employees hired before November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 1.50% for each of the first five years of service, plus 1.75% for each of the second five years; plus 2.00% for each additional year over 10 years. For employees hired on or after November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 2.00% for each year of service. The average salary is the highest average consecutive 36 months of pay.

The annuity may be further increased by crediting unused sick leave as of the date of retirement. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the annual increase may not exceed 3.00% for participants hired on or after November 1, 1996. Participants who have five years of school service and who become disabled and can no longer perform their jobs satisfactorily may be eligible for disability retirement. Voluntary retirement is available for teachers who have a minimum of five years of school service and who achieve certain age and length of service requirements. Employees who are involuntarily separated other than for cause and who have five years of school service, may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service. An involuntary retirement benefit is reduced if at the time of its commencement the participant is under the age of 55.

- The District of Columbia Police Officers' and Firefighters' Retirement Fund:

  A participant becomes a member when he/she begins work as a police officer or firefighter in the District. Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5-701 et seq. (2001 Ed.)).

  Members hired before February 15, 1980 are eligible for optional retirement with full benefits at any age with 20 years of departmental service, or for deferred retirement at age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 12 months of base pay, multiplied by departmental service through 20 years; plus 3.00% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.50% of average base pay multiplied by years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members terminated after five years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retirement benefits are increased by the same percentage in base pay granted to active participants. Members with a service-related disability receive a disability retirement benefit of 2.50% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 66.67% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 2.00% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 40% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply.

  Members hired on or after February 15, 1980 and before November 10, 1996 are eligible for optional retirement with full benefits at age 50 with at least 25 years of departmental service, or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by the number of years of creditable service through 25 years; plus 3.00% of average base pay multiplied by the number of years of departmental service over 25 years; plus 2.50% of average base pay multiplied by the number of years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members separated from the Police or Fire Department after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired or terminated vested members. Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

  Members hired on or after November 10, 1996 are eligible for retirement at any age, with at least 25 years of departmental service or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.50% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the average base pay. Members separated after five years of departmental service are entitled to

NOTE 9. RETIREMENT PROGRAMS

a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index; however, the increase is capped at 3.00%. Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies. Members with a non-service related disability and at least five years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Table N49a presents the number of plan members that were covered by the benefit terms as of September 30, 2016 and 2015.

Table N49a – District Retirement Funds' Plan Members Covered by Benefit Terms

TRF *	2016	2015
Inactive plan members (Retirees and survivors receiving benefits - post-June 30, 1997)	3,882	3,718
Active plan members	5,141	4,866
Vested terminations	1,176	1,152
Total	**10,199**	**9,736**

POFRF *	2016	2015
Inactive plan members (Retirees and survivors receiving benefits - post-June 30, 1997)	3,003	2,609
Active plan members	5,359	5,537
Vested terminations	293	319
Total	**8,655**	**8,465**

** Numbers not in thousands*

Contributions: The District is required to contribute the amounts necessary to finance the Plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The amount of the District contributions for fiscal years 2016 and 2015 were equal to the amounts computed, if any, by the District of Columbia Retirement Board's independent actuary. **Table N49b** presents required amounts contributed by the District to the District Retirement Funds for fiscal years 2016 and 2015. Plan members contribute by salary deductions at rates established by D.C. Code § 5-706 (2001 Ed.). Members contribute 7.00% (or 8.00% for Teachers, Police Officers and Firefighters hired on or after November 1, 1996 and November 10, 1996, respectively) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay. Contribution requirements of members are established by D.C. Code § 5-706 and requirements for District of Columbia government contributions to the Fund are established by D.C. Code § 1-907.02 (2001 Ed.), which may be amended by the Council.

Table N49b - District Contributions to the District Retirement Funds

	(in $000s)	
Fiscal Year Ended	**TRF**	**POFRF**
September 30, 2016	$ 44,469	$ 136,115
September 30, 2015	39,513	103,430

Net Pension Liability

The District's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. **Table N50** presents the aggregate amounts of the District Retirement Funds as of September 30, 2016.

Table N50 – District Retirement Funds' Aggregate Amounts

	(in $000s)	
Description	**TRF**	**POFRF**
Total pension liabilities	$ 2,064,138	$4,675,562
Pension net position	1,821,949	4,954,631
Deferred outflows of resources	111,765	289,826
Deferred inflows of resources	40,211	188,370
Pension expense	75,055	218,262
Net pension liabilities (Assets)	242,189	(279,069)

Actuarial Assumptions: The total pension liability was determined based on an actuarial valuation as of October 1, 2015, then updated using actuarial assumptions presented in **Table N51**, applied to all periods included in the measurement and rolled forward to the measurement date of September 30, 2016. **Table N51** presents the actuarial assumptions used to determine the total pension liability.

NOTE 9. RETIREMENT PROGRAMS

Table N51 – Summary of Actuarial Assumptions Used to Determine Total Pension Liability as of September 30, 2016

	TRF	POFRF
Inflation	3.50%	3.50%
Salary increases	4.45% - 8.25%, including wage inflation of 4.25%	4.25% - 9.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation	6.50%, net of pension plan investment expense, and including inflation
Mortality	Pre-retirement and post-retirement mortality rates were based on the RP 2000 Combined Mortality Table projected to 2015 with Projection Scale AA set back three years for females. Post-disability mortality rates were based on the RP 2000 Disabled Mortality Table set back 1 year for males and set back 5 years for females.	Pre-retirement and post-retirement mortality rates were based on the RP 2000 Combined Mortality Table projected to 2015 with Projection Scale AA set forward 1 year for females.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of the most recent actuarial experience study for the period October 1, 2006 to September 30, 2010, dated November 7, 2011.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. **Table N52** presents target allocation and best estimates of arithmetic real rates of return for each major asset class.

Table N52 – Summary of Target Allocation and Long-Term Expected Real Rate of Return by Asset Class (District Retirement Funds)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	5.10%
Foreign Equity (Developed)	20.00%	5.00%
Foreign Equity (Emerging)	8.00%	6.90%
Investment Grade Bonds	15.00%	0.20%
Treasury Inflation-Protected Securities (TIPS)	3.00%	1.40%
High Yield Bonds	3.00%	3.70%
Foreign Bonds (Developed)	2.00%	1.00%
Emerging Markets Debt (Local)	2.00%	3.50%
Real Estate	5.00%	4.60%
Infrastructure	2.00%	5.70%
Private Equity	8.00%	7.30%
Hedge Funds	10.00%	3.40%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 6.50%.The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made in accordance with

NOTE 9. RETIREMENT PROGRAMS

the Board's funding policy adopted in 2012. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Table N53 presents changes in the District's Net Pension Liability for the year ended September 30, 2016.

Table N53 – Changes in Net Pension Liability

	Increase (Decrease) (in $000s)					
	Teachers' Retirement Fund			Police Officers' and Firefighters' Retirement Fund		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2015	$ 1,950,811	$ 1,670,638	$ 280,173	$ 4,383,413	$ 4,461,998	$ (78,585)
Changes for the year						
Service Cost	61,599	-	61,599	198,020	-	198,020
Interest	124,370	-	124,370	282,285	-	282,285
Difference between expected and actual experience	2,656	-	2,656	(106,840)	-	(106,840)
Contributions - employer	-	44,469	(44,469)	-	136,115	(136,115)
Contributions - employees	-	33,591	(33,591)	-	32,785	(32,785)
Net Investment Income	-	152,262	(152,262)	-	415,157	(415,157)
Benefit payments including refunds of employee contributions	(75,298)	(75,298)	-	(81,316)	(81,316)	-
Administrative Expenses	-	(4,746)	4,746	-	(12,918)	12,918
Other Income	-	1,033	(1,033)	-	2,810	(2,810)
Net Changes	113,327	151,311	(37,984)	292,149	492,633	(200,484)
Balances at 9/30/2016	**$ 2,064,138**	**$ 1,821,949**	**$ 242,189**	**$ 4,675,562**	**$ 4,954,631**	**$ (279,069)**

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: **Table N54** presents the net pension liability (asset) of the Plans, for TRF and POFRF, respectively, calculated using the discount rate of 6.50%, as well as the Plans' net pension liability (asset), calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate.

Table N54 – Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

	(in $000s)		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Teachers' Plan's Net Pension Liability (Asset)	$ 571,400	$ 242,189	$ (36,976)
Police Officers' and Firefighters' Plan's Net Pension Liability (Asset)	$ 532,621	$ (279,069)	$ (943,216)

Pension Plans' Fiduciary Net Position: Detailed information about the Plans' fiduciary net position is available in the separately issued District Retirement Funds financial statements and required supplementary information issued by the District of Columbia Retirement Board.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2016, the District recognized pension expense of $75,055 and $218,262 for TRF and POFRF, respectively. **Table N55** presents deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2016.

NOTE 9. RETIREMENT PROGRAMS

Table N55 – District Retirement Funds' Deferred Outflows of Resources and Deferred Inflows of Resources

(in $000s)

	TRF		POFRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,524	$ 3,220	$ -	$ 85,891
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	110,241	36,991	289,826	102,479
Total	**$ 111,765**	**$ 40,211**	**$ 289,826**	**$ 188,370**

Table N56 presents deferred outflows of resources and deferred inflows of resources that will be recognized in pension expenses in future periods.

Table N56 – Schedule of Amortization of Deferred Inflows and Deferred Outflows of Resources (District Retirement Funds)

(in $000s)

Year Ending September 30:	TRF	POFRF
2017	$ 26,619	$ 47,884
2018	26,684	47,884
2019	27,499	47,884
2020	(9,248)	(41,650)
2021	-	(322)
2022	-	(224)

Payable to the Pension Plans

The District's contributions for fiscal years 2016, 2015, and 2014 were equal to the fund's independent actuary's recommendation; therefore, there were no outstanding amounts due to the plans as of September 30, 2016.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of D C. Code §1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code (IRC) Section 401(a) for permanent full-time employees covered under the Social Security System. In fiscal year 2016, there were 17,222 employees participating in the Section 401(a) plan. New hires do not contribute to the plan and are eligible to participate after one year of service.

The District contributes 5.00% of base salaries for eligible employees each pay period. This contribution rate is 5.50% of base salaries for detention officers. Contributions and earnings vest incrementally beginning after two years of service, including a one-year waiting period, and vest fully after five years of service including the one-year waiting period. Contributions and earnings are forfeited for the period of service during which the employee does not achieve incremental vesting, if separation occurs before five years of credited service. These contributions are not considered assets of the District, and the District has no further liability to this plan.

For the fiscal years ended September 30, 2016, 2015, and 2014, District contributions to the plan were $60,382, $54,174, and $50,274, respectively.

This plan also covers employees of the D.C. Housing Authority and the Health Benefit Exchange Authority, while the employees of the Housing Finance Agency, Washington Convention and Sports Authority, the University of the District of Columbia, and the Not-for-Profit Hospital Corporation are covered under separate defined contribution plans.

NOTE 9. RETIREMENT PROGRAMS

C. DEFERRED COMPENSATION PLANS

Internal Revenue Code Section 403(b) Plan

The District sponsors an annuity purchase plan (D.C. Code §31-1252) with insurance companies and other issuers in accordance with IRC Section 403(b) for public teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees were able to defer up to $18 (thousand) of their annual compensation for calendar year 2016. Employees with 15 years of service or more were able to defer an additional amount, not to exceed the lesser of: (a) $3 (thousand) in additional contributions; (b) $15 (thousand) reduced by amounts contributed under this special provision in prior years; or (c) $5 (thousand) times the number of years of service less the total elective deferrals from previous years. In addition, employees who were 50 years old or older by the end of the plan year were able to defer an additional amount as a catch up contribution. The maximum amount for such catch up contributions was $6 (thousand) in 2016. District employees contributed $20,226 to this annuity plan in fiscal year 2016. Contributions vest immediately and are not assets of the District.

Internal Revenue Code Section 457 Plan

The District offers its employees a deferred compensation plan (D.C. Code §47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of $18 (thousand) or 100% of includable compensation in calendar year 2016. A special catch-up provision is also available to participants that allows them to "make up" or "catch up" for prior years in which they did not contribute the maximum amount to the plan. The "catch up" limit is the lesser of: (a) twice the annual contribution limit, $36 (thousand); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of $6 (thousand) is available to participants who are at least 50 years old before the end of the calendar year.

Compensation deferred and income earned are taxable when paid, or made available to the participant or beneficiary, upon retirement, death, termination, or unforeseeable emergency. As of September 30, 2016, there were 11,679 employees participating in the Section 457 plan. District employees contributed $54,356 to this plan in fiscal year 2016. Contributions are not assets of the District, and the District has no further liability to the plan.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Other Postemployment Benefits (OPEB)

Information on the District's Postretirement Health and Life Insurance Benefit Plan is provided below.

a) ***Plan Description:*** The District of Columbia Postretirement Health and Life Insurance Benefit Plan (the Plan) is a single-employer defined benefit healthcare and life insurance plan administered jointly by the Department of Human Resources and the Office of Finance and Treasury. The Plan is administered as an irrevocable trust through which assets are accumulated and benefits are paid as they become due in accordance with the substantive plan. All employees hired after September 30, 1987, and employees who retire under the Teachers Retirement Plan and Police and Firefighters Retirement Plan or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Plan. The Plan provides medical care and life insurance benefits to eligible employees. D.C. Code §1-621.09 authorizes the Mayor to determine the amount of District contribution for enrollments before the beginning of each contract period. In addition, the Mayor may propose amendments to establish and/or revise benefit provisions and the Council may elect to pass the appropriate legislation. The Plan's administrators issue a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained from the following location:

Office of Finance and Treasury
D.C. Treasurer
1101 4th Street, S.W., Suite 850
Washington, DC 20024

State Street serves as the Master Custodian for the OPEB Fund and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the Plan's investment managers.

b) ***Summary of Significant Accounting Policies:*** The Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions to the plan are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan's administrative costs are paid by the District. Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

c) ***Funding Policy:*** The contribution requirements of plan members and the District are established by the Mayor and the Council of the District of Columbia. The Mayor and Council may also amend contribution requirements. The actuarial valuation of the plan's assets and liabilities using GASB Statement No. 43 parameters was performed in fiscal year 2014, and the District pays contributions based on an actuarially determined valuation using the parameters of GASB Statement No.45 in fiscal year 2015, as presented in the Schedule of Employer Contributions.

For fiscal year 2016, the District contributed $29 million to the plan and retiree (participant) contributions totaled $430,587 (not in thousands).

Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.50% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.00% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or more years of creditable District service and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.00% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or Police Officers or Firefighters annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.00% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; Covered family members of police officers or firefighters who were hired before November 10,1996 pay 40% of the cost of the selected health benefit plan.

The participant pays $.0455 per $1,000 ($1 thousand) of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

d) ***Annual OPEB Cost and Net OPEB Obligation:*** The District's annual OPEB cost (expense) is calculated based on the District's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Table N57 presents the actuarial assumptions used in determining the District's annual required contribution. **Table N58** presents the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan.

Table N57 – Actuarial Assumptions Used in Developing Annual Required Contribution to OPEB Plan

Valuation Date	September 30, 2015 (projected from September 30, 2014 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	20 years beginning with fiscal year end 2016
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.50%
Discount Rate	6.50%
Rate of Salary Increases	3.50% (plus merit scale)
Rate of Medical Inflation	7.20% (grading down to 3.90% in 2040, using the SOA Getzen Medical Trend Model)

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Table N58 – Annual OPEB Cost, Actual Plan Contributions, and Changes in Net OPEB Obligations

	FY 2016 (in $000s)	FY 2015 (in $000s)	FY 2014 (in $000s)
Annual required contribution	$ 29,000	$ 91,400	$ 86,600
Interest on net OPEB obligation	700	700	700
Adjustment to annual required contribution	(10,706)	(700)	(600)
Annual OPEB cost (expense)	18,994	91,400	86,700
Contributions made	29,000	91,400	86,600
Change in net OPEB obligation	10,006	-	(100)
Net OPEB obligation – beginning of year	(10,006)	(10,006)	(9,906)
Net OPEB obligation – end of year*	**$ -**	**$ (10,006)**	**$ (10,006)**

** No net OPEB obligations in FY 2016 because OPEB is overfunded per the actuarial report*

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding years are shown in **Table N59**.

Table N59 - Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, Net OPEB Obligation (Fiscal Years 2014 through 2016)

Fiscal Year Ended	Annual OPEB Cost (millions)	% Of Annual OPEB Cost Contributed	Net OPEB Obligation (millions)*
09/30/16	$ 19.00	100%	$ -
09/30/15	91.40	100%	(10.00)
09/30/14	86.70	99.90%	(10.00)

** No net OPEB obligations in FY 2016 because OPEB is overfunded per the actuarial report*

e) ***Funded Status and Funding Progress:*** Using the most recent (September 30, 2015) actuarial valuation results, the September 30, 2015 estimated actuarial liability is $1,001,200 and the actuarial value of plan assets is $1,202,400 resulting in an estimated funding excess of $201,200. The estimated covered payroll is $1,607,220 and the ratio of the excess funding to covered payroll is 12.52%. The Plan is 120.10% funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

f) ***Actuarial Methods and Assumptions:*** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal Actuarial cost method was used to prepare the September 30, 2015, actuarial valuation. The actuarial assumptions included a 6.50% investment rate of return, a discount rate of 6.50%, a 3.50% salary increase and a medical trend rate ranging between 7.20% grading to 3.90% over 25 years. Fixed dollar amounts in the health care benefits (deductibles, co-pays, benefit maximums, etc.) are assumed to increase periodically to keep pace with the medical trend. The amortization method applied was the Level Percent of Pay, Closed Method. The remaining amortization period as of September 30, 2016, was 20 years and the asset valuation method used was Market Value.

The actual performance of the Fund's investments was favorable in comparison to the projected rate of return of 6.50% used in the actuarial valuation. The Fund as a whole had a positive rate of return of 9.20% with net investment income of $101,796 during fiscal year 2016.

NOTE 11. FUND BALANCE/NET POSITION

Fund balances as of September 30, 2016, are shown in **Table N60a**.

Table N60a – Schedule of FY 2016 Fund Balance

(Dollars in $000s)

	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	$ 11,631	$ 2	$ -	$ -	$ -	$ 11,633
Total Nonspendable Fund Balance	11,631	2	-	-	-	11,633
Restricted for:						
Emergency and Contingency Cash Reserves	387,065	-	-	-	-	387,065
Debt Service - Bond Escrow	498,030	-	-	-	-	498,030
Budget	21,664	-	-	-	-	21,664
Purpose Restrictions	95,774	160,140	-	-	-	255,914
Payment-in-Lieu of Taxes	-	-	-	-	92,206	92,206
Tobacco Settlement	-	-	-	-	83,153	83,153
Tax Increment Financing Program	28,362	-	-	-	52,647	81,009
Housing Production Trust	-	-	250,311	-	-	250,311
Highway Projects	-	-	-	-	68,324	68,324
Baseball Special Revenue	-	-	-	-	47,248	47,248
Total Restricted Fund Balance	1,030,895	160,140	250,311	-	343,578	1,784,924
Committed to:						
Fiscal Stabilization Reserve	185,763	-	-	-	-	185,763
Cash Flow Reserve	592,346	-	-	-	-	592,346
Budget Support Act	25,361	-	-	-	-	25,361
Commodities Cost Reserve	5,000	-	-	-	-	5,000
Soccer Stadium	8,077	-	-	-	-	8,077
Dedicated Taxes	29,352	-	-	-	-	29,352
WMATA Operations Fund	21,700	-	-	-	-	21,700
Subsequent Years Expenditures	201,974	-	-	-	-	201,974
Other Special Purposes	256,322	-	-	-	-	256,322
Total Committed Fund Balance	1,325,895	-	-	-	-	1,325,895
Assigned to:						
Contractual Obligations	4,668	-	-	-	-	4,668
Subsequent Years' Expenditures	16,000	-	-	-	-	16,000
Total Assigned Fund Balance	20,668	-	-	-	-	20,668
Unassigned	-	-	-	(228,870)	-	(228,870)
Total Fund Balance	**$ 2,389,089**	**$ 160,142**	**$ 250,311**	**$ (228,870)**	**$ 343,578**	**$ 2,914,250**

NOTE 11. FUND BALANCE/NET POSITION

The net position of the proprietary and fiduciary funds as of September 30, 2016, is shown in **Table N60b**.

Table N60b – Schedule of FY 2016 Net Position, Proprietary and Fiduciary Funds

(Dollars in $000s)

Net Position	Lottery & Games	Unemployment Compensation Fund	Fiduciary Funds
Invested in capital assets	$ 330	$ -	$ -
Restricted	-	364,237	8,433,285
Unrestricted	4,184	-	-
Total Net Position	**$ 4,514**	**$ 364,237**	**$ 8,433,285**

NOTE 12. JOINT VENTURE AND TRANSACTIONS WITH COMPONENT UNITS

A. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

The Washington Metropolitan Area Transit Authority (WMATA) was created by an Interstate Compact between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports WMATA through operating, debt service, and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and investment in capital assets when the grant resources are expended for capital acquisitions. A summary of the grants provided to WMATA during the year ended September 30, 2016, is shown in **Table N61a.**

Table N61a – Summary of Grants Provided to WMATA

	(Dollars in $000s)	
Type	**Local**	**Capital**
Operating grants	$ 340,525	$ -
School Transit Subsidy	18,572	-
Capital grants	-	131,091
Total	**$ 359,097**	**$ 131,091**

WMATA issues separate audited financial statements which can be requested from the General Manager, Washington Metropolitan Area Transit Authority, 600 5th Street, N.W., Washington, DC 20001. **Table N61b** presents information that allows financial statement users to assess whether WMATA is accumulating significant financial resources or experiencing fiscal stress that may cause additional financial benefits or burden to the District and other participating governments.

Table N61b – Summary of Financial Statements for WMATA as of and for the Year Ended June 30, 2016

Financial Position (in $000s)	
Total assets	$ 13,685,266
Total deferred outflows of resources	299,649
Total liabilities	(3,252,263)
Total deferred inflows of resources	(207,583)
Net position	**$ 10,525,069**
Operating Results (in $000s)	
Operating revenues	$ 859,165
Operating expenses	(2,629,099)
Nonoperating revenues, net	921,733
Revenue from capital contributions	1,153,762
Change in net position	**$ 305,561**
Change in Net Position (in $000s)	
Net position, beginning of year	$ 10,219,508
Change in net position	305,561
Net position, end of year	**$ 10,525,069**

B. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2016, the most significant transactions between the District and its component units were in the form of subsidies. The amount of subsidies, including capital contributions paid by the District to its component units were as follows: Washington Convention and Sports Authority, $123,551; Not-for-Profit-Hospital Corporation, $30,113; and the University of the District of Columbia, $87,299. The District did not provide subsidies to the Health Benefit Exchange Authority and the Housing Finance Agency.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

A. FEDERAL CONTRIBUTIONS

In accordance with the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33), the annual federal payment was repealed and replaced by a federal contribution to cover special purpose and other unusual costs imposed on the District by the federal government. Federal contributions to the District for the year ended September 30, 2016, totaled $521,828, comprised of $460,928 in on-behalf payments to the DC Federal Pension fund and $60,900 as contribution to cover costs imposed by the Federal Government.

B. EMERGENCY PREPAREDNESS

The District, as the nation's capital, serves as the command post and the source of first response to any national threat or terrorist act against the nation. As of September 2016, the District received $155,900 in federal funding for emergency preparedness. This funding was provided by the federal government to assist the District in preparing for response to potential terrorist threats or other attacks. Since 2002, the District had expended a total of $152,262 or 98% of the federal funding received for purposes of emergency preparedness. The District did not expend any additional amounts of federal funding for such purposes during fiscal year 2016.

C. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. SNAP expenditures totaled $209,952 and $223,987 in fiscal years 2016 and 2015, respectively.

D. GRANTS

In addition to SNAP, the District participates in a number of programs which are funded by the federal government through formula and project grants, direct and guaranteed loans, direct payments for specified and unrestricted use, and other pass-through grants.

The federal government also provides capital grants, which are used for the purchase or construction of capital assets. Federal grants and contributions are shown by function on the government-wide financial statements.

NOTE 14. LEASES

A. CAPITAL LEASES

The District leases buildings and equipment under various agreements that are accounted for as capital leases with varying terms. Capital lease commitments are recorded in the government-wide financial statements.

Capital lease payments are classified as debt service expenditures in the governmental funds. Such expenditures totaled $3,268 in fiscal year 2016.

B. OPERATING LEASES

Operating leases are not recorded in the statement of net position. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if the options will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds totaled $139,501 in fiscal year 2016.

C. SCHEDULE OF FUTURE MINIMUM LEASE COMMITMENTS

Table N62 shows the present value of future minimum lease payments under capital leases and minimum lease payments for all operating leases having non-cancelable terms in excess of one year as of September 30, 2016.

Table N62 – Schedule of Future Minimum Lease Commitments

(Dollars in $000s)

	Primary Government		
	Capital	Operating Leases	
Year Ending September 30	Leases	Facilities	Equipment
2017	$ 1,874	$ 88,470	$ 4,672
2018	-	89,437	3,188
2019	-	81,969	3,002
2020	-	74,943	476
2021	-	63,219	70
2022-2026	-	233,149	-
2027-2031	-	46,723	-
2032-2036	-	10,135	-
2037-2041	-	864	-
2042-2046	-	1,002	-
2047-2049	-	715	-
Minimum lease payments	**1,874**	**$ 690,626**	**$ 11,408**
Less - imputed interest	(37)		.
Present value of payments	**$ 1,837**		

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District retains the risk of losses and pays all claim settlements and judgments from its general fund resources and reports all of its risk management activities as governmental activities in the government-wide financial statements. Claim expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, and reported in the general fund when due and payable. These losses include an estimate of claims that have been incurred but not reported.

B. GRANTS AND CONTRACTS

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2016. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. Based on prior experience and resolutions reached with grantor agencies, the District determined that as of September 30, 2016, probable cumulative expenditures that may be disallowed by grantor agencies totaled $15,189. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All of the District's derivative instruments, except the rate cap, include provisions that require the District to post collateral in the event its credit rating falls below AA as issued by Fitch Ratings and Standard and Poor's or Aa as issued by Moody's Investors Service. The collateral posted is to be in the form of U.S. treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the hedging derivative instrument may be terminated by the counterparty. As of September 30, 2016, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was ($51,806) as indicated in **Table N8**. The District's general obligation credit rating is AA/Aa1/AA; therefore, no collateral had been posted as of September 30, 2016.

D. LITIGATION

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in each case. All amounts in connection with lawsuits in which a loss is probable have been included in the liability for claims and judgments as of September 30, 2016.

The accrued liability is based on estimates of the payments that will be made upon judgment or resolution of the claim. This accrued amount is the minimum amount in the range of estimates that have the same probability of occurrence. The sum of the amount in excess of the minimum range of probable losses and the amount of the minimum range of losses that are reasonably possible which are not accrued is estimated to be $55,358.

In fiscal year 2016, there was a $24,954 net increase in the accrual related to pending or unresolved property tax appeals made by District property owners.

A summary of the changes in the accrued liability for claims and judgments reported in the government-wide financial statements is shown in **Table N63.**

Table N63 - Summary of Changes in Claims and Judgments Accrual

(Dollars in $000s)

Description	Fiscal Year 2016	Fiscal Year 2015
Liability at October 1	**$ 201,309**	**$ 159,192**
Add: Claims incurred		
Lawsuits	55,300	80,565
Property tax appeals	34,747	33,175
Less: Claims payments/ adjustments		
Lawsuits	(135,589)	(23,258)
Property tax appeals	(9,793)	(48,365)
Liability at September 30	**$ 145,974**	**$ 201,309**

E. DISABILITY COMPENSATION

The District, through its Office of Risk Management, administers a disability compensation program under Title XXIII of the District of Columbia Compensation Merit Personnel Act of 1978 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/ or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value of projected disability compensation, using a discount

NOTE 15. COMMITMENTS AND CONTINGENCIES

rate of 1.75%, is accrued in the government-wide financial statements.

A summary of changes in this accrual is shown in **Table N64**.

Table N64 – Summary of Changes in Disability Compensation Accrual

	(Dollars in $000s)	
Description	**Fiscal Year 2016**	**Fiscal Year 2015**
Liability at October 1	**$ 127,537**	**$ 129,001**
Claims incurred/adjustments	20,130	20,389
Less-benefit payments	(17,229)	(21,853)
Liability at September 30	**$ 130,438**	**$ 127,537**

NOTE 16. SUBSEQUENT EVENTS

A. GENERAL OBLIGATION BONDS

In December 2016, the District issued $398,910 in General Obligation Bonds, Series 2016D and $190,635 in General Obligation Refunding Bonds, Series 2016E. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in the revenue derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the Series 2016D Bonds will be used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2016D Bonds. The proceeds of the Series 2016E Bonds will be used to: (1) advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007C and (2) pay the costs and expenses of issuing and delivering the Series 2016E Bonds. The assumed interest rate pertaining to the Series 2016D is 3.00% at the first maturity date of June 1, 2019, then 5.00% to the end of the bond term. The interest rate related to the Series 2016E Bonds is 5.00%.

B. GENERAL OBLIGATION DIRECT PURCHASE BONDS

On November 18, 2016, the District issued $190,145 in Multimodal General Obligation Refunding Bonds, Series 2016B and $224,315 in Series 2016C. The Series 2016B Bonds were issued to currently refund the Multimodal General Obligation Bonds, Series 2014A and the Income Tax Secured Revenue Bonds (SIFMA Notes), Series 2015A. The Series 2016C Bonds were issued to currently refund the Multimodal General Obligation Refunding Bond, Series 2014B. The Series 2016B and 2016C Multimodal General Obligation refunding Bonds were issued in the LIBOR Index Mode as authorized under the Ninth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A. as trustee dated as of November 1, 2016. The interest on the bonds is payable monthly on the first business day of each month, commencing December 1, 2016.

The Series 2016B and 2016C Bonds were purchased by Bank of America, N.A and the Final Initial Index Rate Mandatory Repurchase Date is November 12, 2021 for both Series of bonds. **Table N65** provides an overview of each direct purchase obligation refunding(s).

Table N65 - Overview of Direct Purchase Obligation Refunding(s)

Series	Par Outstanding	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2016B	$ 190,145	06/01/2039	LIBOR Reset/ Monthly Pay	Bank of America, N.A.	11/18/2016	11/12/2021
2016C	224,315	06/01/2039	LIBOR Reset/ Monthly Pay	Bank of America, N.A.	11/18/2016	11/12/2021
Total	**$ 414,460**					

C. COMPONENT UNITS

District of Columbia Housing Finance Agency

Subsequent to the end of fiscal year 2016, the following events occurred at the District of Columbia Housing Finance Agency (DCHFA):

McKinney Act Loan Program:

- On October 27, 2016, $1,000 of the District of Columbia Housing Finance Agency McKinney Act Loan for Deanwood Hills were redeemed through prepayments.
- On October 27, 2016, $16,830 of District of Columbia Housing Finance Agency Multifamily Revenue Bonds, Series 2016 were issued in a draw down mode to finance the Deanwood Hills Apartments Project.

Multifamily (Conduit Bond) Program:

- Between October 1, 2016 and December 22, 2016, $26,052 in multifamily mortgage revenue bonds were issued through draws on the draw down bonds.

Multifamily New Issuance Bond Program Redemptions and Maturities:

- Between October 1, 2016 and December 22, 2016, $130 in Multifamily NIBP mortgage revenue bonds were redeemed.

NOTE 16. SUBSEQUENT EVENTS

Multifamily (Conduit Bond) Program, Redemptions and Maturities:

- Between October 1, 2016 and December 22, 2016, $28,016 in multifamily mortgage revenue bonds were redeemed or matured.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information presents additional information as mandated by current governmental financial reporting standards.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Teachers' Retirement Fund
Last Ten Fiscal Years
($000s)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 44,469	$ 39,513	$ 31,636	$ 6,407	$ -	$ -	$ -	$ -	$ 6,000	$ 14,600
Contributions in relation to actuarially determined contribution	44,469	39,513	31,636	6,407	-	-	-	-	6,000	14,600
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 438,079	$ 417,090	$ 378,926	$ 369,071	$ 381,235	$ 384,455	$ 337,516	$ 336,600	$ 359,100	$ 349,900
Contributions as a percentage of covered-employee payroll	10.15%	9.47%	8.35%	1.74%	0.00%	0.00%	0.00%	0.00%	1.67%	4.17%

Notes to Schedule

Valuation Date:

Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	7-year smoothed market
Inflation	3.50%
Salary increases	4.45% to 8.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments	3.50% (Limited to 3.00% for those hired after 11/1/1996)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Police Officers' and Firefighters' Retirement Fund
Last Ten Fiscal Years
($000s)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 136,115	$ 103,430	$ 110,766	$ 96,314	$ 116,700	$ 127,200	$ 132,300	$ 106,000	$ 137,000	$ 140,100
Contributions in relation to actuarially determined contribution	136,115	103,430	110,766	96,314	116,700	127,200	132,300	106,000	137,000	140,100
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 438,114	$ 446,201	$ 426,135	$ 413,380	$ 414,877	$ 421,221	$ 423,854	$ 436,100	$ 421,950	$ 396,300
Contributions as a percentage of covered-employee payroll	31.07%	23.18%	25.99%	23.30%	28.13%	30.20%	31.21%	24.31%	32.47%	35.35%

Notes to Schedule

Valuation Date:

Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	7-year smoothed market
Inflation	3.50%
Salary increases	4.25% to 9.25%, including wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments	3.50% (Limited to 3.00% for those hired after 11/10/1996)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Teachers' Retirement Fund
Last Three Fiscal Years
($000s)

	2016	2015	2014
Total pension liability			
Service cost	$ 61,599	$ 53,297	$ 50,409
Interest	124,370	118,378	112,204
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,656	(7,246)	-
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(75,298)	(69,652)	(65,622)
Net change in total pension liability	113,327	94,777	96,991
Total pension liability-beginning	1,950,811	1,856,034	1,759,043
Total pension liability-ending (a)	$ 2,064,138	$ 1,950,811	$ 1,856,034
Plan fiduciary net position			
Contributions - employer	$ 44,469	$ 39,513	$ 31,636
Contributions - employees	33,591	31,621	28,751
Net Investment Income	152,262	(72,647)	132,086
Benefit payments including refunds of employee contributions	(75,298)	(69,652)	(65,622)
Administrative Expenses	(4,746)	(4,543)	(3,787)
Other	1,033	385	522
Net change in plan fiduciary net position	151,311	(75,323)	123,586
Plan fiduciary net position-beginning	1,670,638	1,745,961	1,622,375
Plan fiduciary net position-ending (b)	$ 1,821,949	$ 1,670,638	$ 1,745,961
District's net pension liability(asset)-ending (a)-(b)	$ 242,189	$ 280,173	$ 110,073
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	88.27%	85.64%	94.07%
Covered employee payroll	$ 438,079	$ 417,090	$ 378,926
Net pension liability(asset) as a percentage of covered-employee payroll	55.28%	67.17%	29.05%

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Police Officers' and Firefighters' Retirement Fund
Last Three Fiscal Years
($000s)

	2016	2015	2014
Total pension liability			
Service cost	$ 198,020	$ 192,114	$ 176,102
Interest	282,285	257,943	235,097
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(106,840)	(2,477)	-
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(81,316)	(65,030)	(54,421)
Net change in total pension liability	292,149	382,550	356,778
Total pension liability-beginning	4,383,413	4,000,863	3,644,085
Total pension liability-ending (a)	$4,675,562	$ 4,383,413	$4,000,863
Plan fiduciary net position			
Contributions - employer	$ 136,115	$ 103,430	$ 110,766
Contributions - employees	32,785	33,679	32,821
Net Investment Income	415,157	(187,283)	338,894
Benefit payments including refunds of employee contributions	(81,316)	(65,030)	(54,421)
Administrative Expenses	(12,918)	(11,939)	(9,730)
Other	2,810	1,012	1,342
Net change in plan fiduciary net position	492,633	(126,131)	419,672
Plan fiduciary net position-beginning	4,461,998	4,588,129	4,168,457
Plan fiduciary net position-ending (b)	$4,954,631	$ 4,461,998	$4,588,129
District's net pension liability(asset)-ending (a)-(b)	$ (279,069)	$ (78,585)	$ (587,266)
Plan fiduciary net position as a percentage of total pension liability (b)/(a)	105.97%	101.79%	114.68%
Covered employee payroll	$ 438,114	$ 446,201	$ 426,135
Net pension liability(asset) as a percentage of covered-employee payroll	(63.70%)	(17.61%)	(137.81%)

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ACTUARIAL ANALYSES

Other Post-Employment Benefits (OPEB) Program

An independent actuary performed an actuarial analysis of the Plan's assets and liabilities as of September 30, 2015, September 30, 2014 and September 30, 2013 to determine the future funding status of the Plan, which is outlined below. The September 30, 2015 analysis was based on census data as of September 30, 2014.

	Valuation Date		
	September 30, 2015 (Projected from September, 2014 census)	**September 30, 2014 (Projected from September, 2012 census)**	**September 30, 2013 (Projected from September, 2012 census)**
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed
Remaining Amortization Period	20 years beginning with fiscal year end 2016	28 years	29 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	6.50%	7.00%	7.00%
Discount Rate	6.50%	7.00%	7.00%
Rate of Salary Increase	3.50% (plus merit scale)	3.75% (plus merit scale)	3.75% (plus merit scale)
Rate of Medical Inflation	7.20% (grading down to 3.90% in 2040, using the SOA Getzen Medical Trend Model)	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years	8.00% (pre-Medicare) or 6.50% (post-Medicare), grading to 4.00% over 70 years

SCHEDULE OF FUNDING PROGRESS

Other Post-Employment Benefits (OPEB) Program
(In millions)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (Funding Excess)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2015	$ 1,202	$ 1,001	$ (201)	120.10%	$ 1,607	(12.52%)
9/30/2014	1,037	1,188	152	87.23%	1,484	10.22%
9/30/2013	898	1,048	150	85.67%	1,441	10.42%
9/30/2012	693	920	226	75.38%	1,399	16.18%
9/30/2011	512	867	355	59.02%	1,560	22.77%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Other Post-Employment Benefits (OPEB) Program
Last Three Fiscal Years
($000s)

	FY 2016	FY 2015	FY 2014
Annual required contribution	$ 29,000	$ 91,400	$ 86,600
Interest on net OPEB obligation	700	700	700
Adjustment to annual required contribution	(10,706)	(700)	(600)
Annual OPEB cost (expense)	18,994	91,400	86,700
Contributions made	29,000	91,400	86,600
Change in Net OPEB asset(obligation)	10,006	-	(100)
Net OPEB asset(obligation) – beginning of year	(10,006)	(10,006)	(9,906)
Net OPEB asset(obligation) – end of year*	**$ -**	**$ (10,006)**	**$ (10,006)**

** No net OPEB obligations in FY 2016 because OPEB is overfunded per the actuarial report.*

OTHER SUPPLEMENTARY INFORMATION

This subsection includes the combining and individual fund statements and schedules for the following:

General Fund

Nonmajor Governmental Funds

Fiduciary Funds

Supporting Schedules

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GENERAL FUND

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund.

Exhibit A-1

GENERAL FUND
BALANCE SHEET
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 1,493,011	$ 1,729,830
Receivables (net of allowances for uncollectibles):		
Intergovernmental	7,143	3,744
Taxes	376,562	321,475
Accounts	205,200	143,209
Due from component units	24,596	16,695
Interfund	348,942	276,005
Inventories	11,631	12,734
Other current assets	3,154	2,330
Cash and cash equivalents (restricted)	885,217	763,806
Investments (restricted)	109,730	78,880
Total current assets	3,465,186	3,348,708
Long-term assets	104,852	110,818
Total assets	**$ 3,570,038**	**$ 3,459,526**
LIABILITIES		
Liabilities:		
Payables:		
Accounts	$ 445,782	$ 452,647
Compensation:		
Salaries and wages	116,014	168,205
Employee benefits	2,141	2,282
Payroll taxes	1,137	1,703
Other deductions	5,336	5,660
Interfund	21,725	15,570
Due to component units	16,874	13,463
Unearned revenue	61,587	63,985
Other	36,173	35,770
Accrued liabilities:		
Grant disallowances	2,946	7,445
Medicaid	152,279	219,672
Tax refunds	64,875	89,528
Other current liabilities	18,848	17,215
Total liabilities	**945,717**	**1,093,145**
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues		
Property taxes	93,083	92,357
Others	142,149	106,962
Total deferred inflows of resources	**235,232**	**199,319**
FUND BALANCE		
Nonspendable	11,631	12,734
Restricted	1,030,895	1,026,396
Committed	1,325,895	1,047,105
Assigned	20,668	80,827
Total fund balance	**2,389,089**	**2,167,062**
Total liabilities, deferred inflows of resources and fund balance	**$ 3,570,038**	**$ 3,459,526**

See Accompanying Report of Independent Public Accountants.

Exhibit A-2

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	2016	2015
Revenues:		
Taxes	$ 7,099,825	$ 6,789,197
Fines and forfeits	202,314	129,283
Licenses and permits	123,029	119,658
Charges for services:		
Public	269,275	285,243
Intergovernmental	723	788
Miscellaneous:		
Public	370,958	335,342
Investment income	7,732	1,814
Total revenues	8,073,856	7,661,325
Expenditures:		
Governmental direction and support	957,151	870,067
Economic development and regulation	404,313	309,346
Public safety and justice	1,227,558	1,044,356
Public education system	1,947,968	1,866,863
Human support services	1,860,387	1,954,001
Public works	339,856	328,787
Public transportation	359,097	335,703
Debt service:		
Principal	228,793	259,142
Interest	362,860	337,326
Fiscal charges	3,588	7,260
Total expenditures	7,691,571	7,312,851
EXCESS OF REVENUES OVER EXPENDITURES	382,285	348,474
Other financing sources (uses):		
Debt issuance	2,600	4,894
Refunding debt issuance	95,575	231,255
Premium on sale of bonds	-	27,099
Payment to refunded bond escrow agent	(95,120)	(256,765)
Transfers in	80,503	114,901
Transfers out	(259,616)	(176,455)
Sale of capital assets	15,800	-
Total other financing uses	(160,258)	(55,071)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	**222,027**	**293,403**
Fund balance at October 1	**2,167,062**	**1,873,659**
Fund balance at September 30	**$ 2,389,089**	**$ 2,167,062**

See Accompanying Report of Independent Public Accountants.

Exhibit A-3

GENERAL FUND

SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES
FUNCTION AND OBJECT - GAAP BASIS

For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscellaneous *	Totals 2016	Totals 2015
Governmental Direction and Support:							
Legislative	$ 22,164	$ 3,191	$ 83	$ 686	$ 674	$ 26,798	$ 46,034
Executive	73,925	48,601	537	4,035	1,828	128,926	125,517
Finance	98,260	38,344	326	1	182,290	319,221	293,481
Personnel	12,355	505	11	25	9	12,905	11,747
Administrative	111,061	129,008	5,067	212,287	2,174	459,597	383,363
Elections	7,207	2,230	200	12	55	9,704	9,925
Total	324,972	221,879	6,224	217,046	187,030	957,151	870,067
Economic Development and Regulation:							
Community development	28,319	15,709	399	2,000	107,306	153,733	131,381
Economic regulation	72,398	35,481	432	4,337	43,871	156,519	95,356
Employment services	34,189	21,658	1,049	1,939	35,226	94,061	82,609
Total	134,906	72,848	1,880	8,276	186,403	404,313	309,346
Public Safety and Justice:							
Police	542,436	67,589	5,296	2,229	168,309	785,859	642,846
Fire	203,705	20,177	4,951	30	49,469	278,332	245,634
Corrections	84,799	47,582	6,338	2,863	2,163	143,745	137,622
Protection	7,354	3,070	318	184	384	11,310	10,130
Law	7,593	646	23	6	44	8,312	8,124
Total	845,887	139,064	16,926	5,312	220,369	1,227,558	1,044,356
Public Education System:							
Schools	591,775	86,617	11,394	31,862	799,610	1,521,258	1,418,461
Culture	149,656	32,335	758	9,596	234,365	426,710	448,402
Total	741,431	118,952	12,152	41,458	1,033,975	1,947,968	1,866,863
Human Support Services:							
Health and welfare	347,909	145,282	8,863	56,801	1,160,230	1,719,085	1,760,129
Human relations	7,111	5,014	119	15	25,195	37,454	37,431
Employment benefits	58,789	-	-	-	-	58,789	116,351
Recreation	38,405	4,228	978	30	1,418	45,059	40,090
Total	452,214	154,524	9,960	56,846	1,186,843	1,860,387	1,954,001
Public Works	185,609	118,812	3,498	7,555	24,382	339,856	328,787
Public Transportation	-	-	-	-	359,097	359,097	335,703
Debt Service	-	-	-	-	595,241	595,241	603,728
Net Financing Uses	-	-	-	-	160,258	160,258	55,071
Total expenditures and net uses	$ 2,685,019	$ 826,079	$ 50,640	$ 336,493	$ 3,953,598	$ 7,851,829	$ 7,367,922

See Accompanying Report of Independent Public Accountants.

*Miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to: Convention Center [$131,916], Public Charter Schools [$738,563], UDC [$71,942], PAYGO-Capital [$144,076], Housing Authority [$55,696], Mass Transit Subsidies [$359,097], Highway Transportation Fund [$25,332], Housing Production Trust Fund [$90,179]

Payments for: Dept. of Mental Health [$55,177], Dept. of Health Care Finance [$704,058], Dept. of Human Services [$189,674], Child & Family Services [$79,027], Dept. of Youth Rehabilitation [$41,122], Disability Services [$96,473], State Education [$92,265], Non-Public Tuition [$64,539], Dept. of Employment Services [$35,535], Equipment Lease-Capital [$38,914], Repayment of Loans and Interest [$560,211], Fire and Emergency Service [$11,502], Section 103 Judgments - Finance and Other FDS [$43,183], Business Improvement District Transfer [$28,507], Department of the Environment [$16,814], Office of Aging [$23,410], Dept. of Health [$18,980], Public Schools [$16,088], School Modernization [$14,276], Teachers' Retirement [$44,359], Police/Firefighters Retirement [$135,577], Cable and Television [$21,890], Planning & Econ Development [$20,814], Office of Victims & Justice Grants [$19,417], OPEB Contribution [$29,000]

Exhibit A-4

GENERAL FUND
SCHEDULE OF LOCAL SOURCE REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended September 30, 2016
($000s)

Source	Budget Original	Budget Revised	Actual	Variance
Taxes:				
Property:				
Real	$ 2,272,461	$ 2,310,764	$ 2,323,616	$ 12,852
Personal	56,527	58,370	59,101	731
Public space rental	34,030	37,242	40,386	3,144
Total	2,363,018	2,406,376	2,423,103	16,727
Sales and use:				
General	1,257,202	1,243,344	1,292,214	48,870
Alcoholic beverages	6,801	6,369	6,468	99
Cigarette	33,124	30,623	30,451	(172)
Motor vehicles	50,474	47,725	45,997	(1,728)
Motor fuel tax	22,504	25,004	25,332	328
Total	1,370,105	1,353,065	1,400,462	47,397
Income and franchise:				
Individual income	1,864,316	1,856,982	1,907,862	50,880
Corporation franchise	297,458	291,487	387,081	95,594
Unincorporated business	145,614	133,159	169,387	36,228
Total	2,307,388	2,281,628	2,464,330	182,702
Gross receipts:				
Public utility	144,608	137,814	127,462	(10,352)
Toll telecommunication	50,288	55,771	48,644	(7,127)
Insurance companies	125,190	102,642	60,312	(42,330)
Health care providers	15,117	14,591	38,680	24,089
Health care related incomes	5,519	22,578	45,083	22,505
Total	340,722	333,396	320,181	(13,215)
Other:				
Deed recordation	189,742	170,584	219,236	48,652
Deed transfers	136,707	122,143	149,555	27,412
Inheritance and estate	32,123	34,521	53,967	19,446
Economic interests	16,789	16,789	19,450	2,661
Total	375,361	344,037	442,208	98,171
Total taxes	6,756,594	6,718,502	7,050,284	331,782
Licenses and Permits:				
Business licenses	45,300	53,406	56,335	2,929
Nonbusiness permits	32,367	32,554	34,097	1,543
Total	77,667	85,960	90,432	4,472
Fines and Forfeits	136,616	151,536	197,439	45,903
Charges for Services	75,429	78,365	80,251	1,886
Miscellaneous:				
Interest	130	130	2,334	2,204
Other	95,245	106,091	138,552	32,461
Total	95,375	106,221	140,886	34,665
Total Local Revenues	**7,141,681**	**7,140,584**	**7,559,292**	**418,708**
Transfers and Other sources:				
General obligation bonds	6,000	6,000	2,600	(3,400)
Fund balance released from restrictions	121,079	339,018	-	(339,018)
Interfund transfer	128,910	135,492	80,503	(54,989)
Total Transfers and Other Sources	**255,989**	**480,510**	**83,103**	**(397,407)**
Total Local Revenues and Sources	**$ 7,397,670**	**$ 7,621,094**	**$ 7,642,395**	**$ 21,301**

See Accompanying Report of Independent Public Accountants.

Exhibit A-5

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
Year Ended September 30, 2016
($000s)

	Local Source				Other Source				Totals			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Revenues and Sources:												
Taxes												
Property taxes	$ 2,363,018	$ 2,406,376	$ 2,423,103	$ 16,727	$ -	$ -	$ -	$ -	$ 2,363,018	$ 2,406,376	$ 2,423,103	$ 16,727
Sales and use taxes	1,370,105	1,353,065	1,400,462	47,397	-	-	-	-	1,370,105	1,353,065	1,400,462	47,397
Income and franchise taxes	2,307,388	2,281,628	2,464,330	182,702	-	-	-	-	2,307,388	2,281,628	2,464,330	182,702
Gross receipts and other taxes	716,083	677,433	762,389	84,956	-	-	-	-	716,083	677,433	762,389	84,956
Total taxes	6,756,594	6,718,502	7,050,284	331,782	-	-	-	-	6,756,594	6,718,502	7,050,284	331,782
Licenses and permits	77,667	85,960	90,432	4,472	-	-	-	-	77,667	85,960	90,432	4,472
Fines and forfeitures	136,616	151,536	197,439	45,903	-	-	-	-	136,616	151,536	197,439	45,903
Charges for services	75,429	78,365	80,251	1,886	-	-	-	-	75,429	78,365	80,251	1,886
Miscellaneous	95,375	106,221	140,886	34,665	-	-	-	-	95,375	106,221	140,886	34,665
Other sources	-	-	-	-	587,345	463,547	533,557	70,010	587,345	463,547	533,557	70,010
Bond proceeds	6,000	6,000	2,600	(3,400)	-	-	-	-	6,000	6,000	2,600	(3,400)
Fund balance released from restrictions	121,079	339,018	-	(339,018)	-	63,812	63,812	-	121,079	402,830	63,812	(339,018)
Interfund transfer-from lottery and games	62,500	55,000	53,287	(1,713)	-	-	-	-	62,500	55,000	53,287	(1,713)
Interfund transfer-others	66,410	80,492	27,216	(53,276)	-	-	-	-	66,410	80,492	27,216	(53,276)
Total Revenues and Sources	7,397,670	7,621,094	7,642,395	21,301	587,345	527,359	597,369	70,010	7,985,015	8,148,453	8,239,764	91,311
Expenditures and Uses:												
Governmental direction and support	687,152	732,330	724,729	7,601	69,646	42,735	36,460	6,275	756,798	775,065	761,189	13,876
Economic development and regulation	259,321	306,223	302,487	3,736	180,711	187,584	167,851	19,733	440,032	493,807	470,338	23,469
Public safety and justice	1,101,510	1,192,317	1,188,690	3,627	56,675	38,776	38,604	172	1,158,185	1,231,093	1,227,294	3,799
Public education system	1,891,784	1,667,222	1,661,886	5,336	16,669	17,401	6,999	10,402	1,908,453	1,684,623	1,668,885	15,738
Public education AY17 expenditure	-	264,257	264,257	-	-	-	-	-	-	264,257	264,257	-
Human support services	1,879,428	1,843,567	1,828,429	15,138	34,320	34,050	27,302	6,748	1,913,748	1,877,617	1,855,731	21,886
Public works	581,232	575,589	574,483	1,106	154,661	134,634	123,734	10,900	735,893	710,223	698,217	12,006
Workforce investments	17,815	-	-	-	-	-	-	-	17,815	-	-	-
Wilson building	4,745	4,503	4,289	214	-	-	-	-	4,745	4,503	4,289	214
Repayment of loans and interest	591,627	555,097	555,097	-	5,114	5,114	5,114	-	596,741	560,211	560,211	-
Repayment of revenue bonds	7,832	7,822	7,822	-	-	-	-	-	7,832	7,822	7,822	-
Debt service - issuance costs	6,000	6,000	2,945	3,055	-	-	-	-	6,000	6,000	2,945	3,055
Interest expense on short-term borrowing	3,750	922	922	-	-	-	-	-	3,750	922	922	-
Settlements and judgments fund	21,292	33,292	32,953	339	-	-	-	-	21,292	33,292	32,953	339
Convention center transfer	125,054	132,304	131,916	388	-	-	-	-	125,054	132,304	131,916	388
Highway transportation fund	22,504	25,332	25,332	-	-	-	-	-	22,504	25,332	25,332	-
Operating lease-equipment	48,413	38,914	38,914	-	-	-	-	-	48,413	38,914	38,914	-
Pay-as-you-go capital fund	21,449	88,043	88,043	-	51,017	56,062	56,062	-	72,466	144,105	144,105	-
Schools modernization fund	14,276	14,276	14,276	-	-	-	-	-	14,276	14,276	14,276	-
D.C. retiree health contribution	95,400	29,000	29,000	-	-	-	-	-	95,400	29,000	29,000	-
Non-departmental	2,754	-	-	-	18,532	11,003	-	11,003	21,286	11,003	-	11,003
Total Expenditures and Uses	7,383,338	7,517,010	7,476,470	40,540	587,345	527,359	462,126	65,233	7,970,683	8,044,369	7,938,596	105,773
Excess of Revenues and Sources Over Expenditures and Uses	**$ 14,332**	**$ 104,084**	**$ 165,925**	**$ 61,841**	**$ -**	**$ -**	**$ 135,243**	**$ 135,243**	**$ 14,332**	**$ 104,084**	**$ 301,168**	**$ 197,084**

See Accompanying Report of Independent Public Accountants.

Exhibit A-6

GENERAL FUND
SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES
Year Ended September 30, 2016
($000s)

	Original Budget	Revisions	Revised Budget	Actual	Variance (Actual To Original Budget)
Revenues and Sources:					
Taxes:					
Property	$ 2,363,018	$ 43,358	$ 2,406,376	$ 2,423,103	$ 60,085
Sales and use	1,370,105	(17,040)	1,353,065	1,400,462	30,357
Income and franchise	2,307,388	(25,760)	2,281,628	2,464,330	156,942
Other taxes	716,083	(38,650)	677,433	762,389	46,306
Total taxes	6,756,594	(38,092)	6,718,502	7,050,284	293,690
Licenses and permits	77,667	8,293	85,960	90,432	12,765
Fines and forfeits	136,616	14,920	151,536	197,439	60,823
Charges for services	75,429	2,936	78,365	80,251	4,822
Miscellaneous	95,375	10,846	106,221	140,886	45,511
Other	587,345	(123,798)	463,547	533,557	(53,788)
Bond proceeds	6,000	-	6,000	2,600	(3,400)
Fund balance released from restriction	121,079	281,751	402,830	63,812	(57,267)
Interfund transfer-from lottery and games	62,500	(7,500)	55,000	53,287	(9,213)
Interfund transfer-others	66,410	14,082	80,492	27,216	(39,194)
Total Revenues and Sources	7,985,015	163,438	8,148,453	8,239,764	254,749
Expenditures and Uses:					
Governmental direction and support	756,798	18,267	775,065	761,189	(4,391)
Economic development and regulation	440,032	53,775	493,807	470,338	(30,306)
Public safety and justice	1,158,185	72,908	1,231,093	1,227,294	(69,109)
Public education system	1,908,453	(223,830)	1,684,623	1,668,885	239,568
Public education AY17 expenditure	-	264,257	264,257	264,257	(264,257)
Human support services	1,913,748	(36,131)	1,877,617	1,855,731	58,017
Public works	735,893	(25,670)	710,223	698,217	37,676
Workforce investments	17,815	(17,815)	-	-	17,815
Wilson building	4,745	(242)	4,503	4,289	456
Repayment of loans and interest	596,741	(36,530)	560,211	560,211	36,530
Repayment of revenue bonds	7,832	(10)	7,822	7,822	10
Debt service - issuance costs	6,000	-	6,000	2,945	3,055
Interest expense on short-term borrowing	3,750	(2,828)	922	922	2,828
Settlements and judgments fund	21,292	12,000	33,292	32,953	(11,661)
Convention center transfer	125,054	7,250	132,304	131,916	(6,862)
Highway transportation fund	22,504	2,828	25,332	25,332	(2,828)
Operating lease-equipment	48,413	(9,499)	38,914	38,914	9,499
Pay-as-you-go capital fund	72,466	71,639	144,105	144,105	(71,639)
Schools modernization fund	14,276	-	14,276	14,276	-
D.C. retiree health contribution	95,400	(66,400)	29,000	29,000	66,400
Non-departmental	21,286	(10,283)	11,003	-	21,286
Total Expenditures and Uses	7,970,683	73,686	8,044,369	7,938,596	32,087
Excess of Revenues and Sources Over Expenditures and Uses	**$ 14,332**	**$ 89,752**	**$ 104,084**	**$ 301,168**	**$ 286,836**

See Accompanying Report of Independent Public Accountants.

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NONMAJOR GOVERNMENTAL FUNDS

(Combining Statements)

Special Revenue Funds

The **Tax Increment Financing (TIF) Program Fund** is used to account for activities relating to various TIF development initiatives. These activities support new economic development projects.

The **Tobacco Settlement Financing Corporation (TSFC) Fund** is used to account for the tobacco litigation settlement activities of the District of Columbia.

The **PILOT Special Revenue Fund** is used to account for the proceeds of PILOT revenue to finance the development costs associated with various District development projects.

The **Baseball Special Revenue Fund** is used to account for the proceeds of baseball related revenue sources that are legally restricted to expenditures for baseball project purposes.

Debt Service Fund

The **Debt Service Fund** is used to account for the payment of ballpark revenue bonds.

Capital Project Fund

The **Highway Trust Fund** is used to account for the motor vehicle fuel taxes and other fees collected and used by the District for highway projects.

Exhibit B-1

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	Special Revenue Funds					Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT Special Revenue	Baseball Project	Debt Service Fund	Highway Trust	2016	2015
ASSETS								
Current Assets:								
Receivables (net of allowances for uncollectibles):								
Taxes	$ -	$ -	$ -	$ 1,560	$ -	$ 2,285	$ 3,845	$ 3,522
Accounts	17	30,013	6,071	-	-	1,570	37,671	30,557
Due from other District entities	532	-	-	665	-	-	1,197	665
Interfund	2,168	-	863	4,754	-	-	7,785	8,717
Other current assets	-	20	-	-	-	-	20	30
Restricted cash and cash equivalents	60,089	53,141	76,517	41,870	-	68,611	300,228	411,102
Restricted investments	-	-	11,155	-	-	-	11,155	11,155
Total assets	$ 62,806	$ 83,174	$ 94,606	$ 48,849	$ -	$ 72,466	$ 361,901	$ 465,748
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE								
Current Liabilities:								
Payables:								
Accounts	$ -	$ -	$ -	$ -	$ -	$ 2,182	$ 2,182	$ 5,157
Compensation payable	-	-	-	-	-	74	74	158
Due to other funds	9,415	-	2,400	-	-	-	11,815	19,524
Due to other District entities	744	-	-	-	-	-	744	1,491
Other current liabilities	-	-	-	-	-	1,795	1,795	646
Accrued liabilities	-	21	-	145	-	1	167	421
Total liabilities	10,159	21	2,400	145	-	4,052	16,777	27,397
Deferred Inflows of Resources:								
Unavailable revenues	-	-	-	1,456	-	90	1,546	1,243
Fund Balance:								
Restricted	52,647	83,153	92,206	47,248	-	68,324	343,578	437,108
Total fund balances	52,647	83,153	92,206	47,248	-	68,324	343,578	437,108
Total liabilities, deferred inflows of resources and fund balances	$ 62,806	$ 83,174	$ 94,606	$ 48,849	$ -	$ 72,466	$ 361,901	$ 465,748

See Accompanying Report of Independent Public Accountants.

Exhibit B-2

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Special Revenue Funds					Capital Project Fund	Totals	
	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	PILOT Special Revenue	Baseball Project	Debt Service Fund	Highway Trust	2016	2015
Revenues:								
Property taxes	$ 17,086	$ -	$ 16,801	$ -	$ -	$ -	$ 33,887	$ 40,180
Sales and use taxes	33,963	-	-	16,420	-	-	50,383	52,459
Gross receipts taxes	-	-	-	43,155	-	-	43,155	46,304
Interest	-	2,061	764	9	-	21	2,855	3,375
Tobacco settlement revenue	-	39,767	-	-	-	-	39,767	36,731
Other	532	-	-	5,806	-	-	6,338	7,487
Total revenues	51,581	41,828	17,565	65,390	-	21	176,385	186,536
Expenditures:								
Governmental direction and support	39,581	185	29,133	1,906	-	-	70,805	114,343
Capital outlay	-	-	-	-	-	23,545	23,545	35,437
Bond principal payment	4,073	15,430	10,049	-	96,055	-	125,607	35,144
Interest	6,839	24,369	7,835	-	24,288	-	63,331	60,730
Fiscal charges	-	-	144	-	-	-	144	1,051
Total expenditures	50,493	39,984	47,161	1,906	120,343	23,545	283,432	246,705
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,088	1,844	(29,596)	63,484	(120,343)	(23,524)	(107,047)	(60,169)
Other Financing Sources (Uses):								
Bond issuance	-	-	-	-	-	-	-	154,897
Transfers in	-	-	-	-	120,343	25,333	145,676	87,491
Transfers out	(9,416)	-	(2,400)	(120,343)	-	-	(132,159)	(56,103)
Total other financing sources (uses)	(9,416)	-	(2,400)	(120,343)	120,343	25,333	13,517	186,285
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,328)	1,844	(31,996)	(56,859)	-	1,809	(93,530)	126,116
Fund Balances at October 1	60,975	81,309	124,202	104,107	-	66,515	437,108	310,992
Fund Balances at September 30	$ 52,647	$ 83,153	$ 92,206	$ 47,248	$ -	$ 68,324	$ 343,578	$ 437,108

See Accompanying Report of Independent Public Accountants.

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FIDUCIARY FUNDS

(Combining Statements)

The Fiduciary Funds are used to account for assets held by the District in a trustee or agency capacity. These assets cannot be used to support the District's programs.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for police officers, firefighters and public school teachers of the District. Resources are contributed by employees and by the District and federal government at amounts determined by an annual actuarial study. The funds are administered by a thirteen-member Retirement Board. Three of these members are appointed by the Mayor and three by the Council. Six board members include one active and one retired representatives each, from the police officers, firefighters, and teachers. The District's Chief Financial Officer or his designee serves as a non-voting, ex-officio member. The administrative costs of the board are accounted for in the funds.

The **Other Post Employment Benefits (OPEB) Fund** is used to account for the receipt of monies for post-employment healthcare and life insurance benefits provided under the Post-Retirement Health and Life Insurance Benefit Plan. Annual District contributions are actuarially determined and paid accordingly. No employee contributions are required prior to retirement to fund the OPEB plan; however, retirees make contributions as required by the associated substantive plan.

The **Agency Funds** are used to account for refundable deposits required of various licensees, monies held in escrow as an agent for individuals, private organizations or other governments.

Exhibit C-1

PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
September 30, 2016
(With Comparative Totals at September 30, 2015)
($000s)

	Pension Trust Funds			Totals	
	Police & Firefighters	Teachers	Other Postemployment Benefits (OPEB) Fund	2016	2015
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 37,487	$ 13,993	$ 37,032	$ 88,512	$ 121,151
Investments	4,920,614	1,807,998	1,173,912	7,902,524	7,101,688
Receivables:					
Due from federal government	2,107	777	-	2,884	900
Benefit contributions	2,375	2,480	-	4,855	4,479
Other current assets	4,758	1,748	16,891	23,397	24,960
Total assets	**4,967,341**	**1,826,996**	**1,227,835**	**8,022,172**	**7,253,178**
LIABILITIES					
Current Liabilities:					
Accounts payable	4,122	1,892	30,394	36,408	33,668
Due to other funds	1,365	501	-	1,866	1,456
Other current liabilities	7,223	2,654	-	9,877	8,867
Total liabilities	**12,710**	**5,047**	**30,394**	**48,151**	**43,991**
NET POSITION					
Net Position					
Held in trust for pension and OPEB benefits	**$ 4,954,631**	**$ 1,821,949**	**$ 1,197,441**	**$ 7,974,021**	**$ 7,209,187**

See Accompanying Report of Independent Public Accountants.

Exhibit C-2

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)
($000s)

	Pension Trust Funds			Totals	
	Police & Firefighters	Teachers	Other Postemployment Benefits (OPEB) Fund	2016	2015
Additions:					
Benefit contributions:					
Employer	$ 136,115	$ 44,469	$ 29,000	$ 209,584	$ 234,343
Plan members	32,785	33,591	430	66,806	65,711
Investment income:					
From investment activities					
Net increase/(decrease) in fair value of investments	371,288	147,820	86,369	605,477	(358,798)
Other revenue	-	-	3,435	3,435	304
Interest and dividends	54,220	8,245	17,712	80,177	56,642
Less - investment expenses	(10,351)	(3,803)	(5,720)	(19,874)	(17,660)
Net gain/(loss) from investing activities	415,157	152,262	101,796	669,215	(319,512)
From securities lending activities					
Securities lending income	-	-	-	-	87
Less: securities lending expenses	-	-	-	-	(19)
Net income from securities lending activities	-	-	-	-	68
Net investment gain/(loss)	415,157	152,262	101,796	669,215	(319,444)
Other Income	2,810	1,033	-	3,843	1,397
Total additions	586,867	231,355	131,226	949,448	(17,993)
Deductions:					
Benefit payments	81,316	75,298	10,044	166,658	141,422
Administrative expenses	12,918	4,746	292	17,956	16,847
Total deductions	94,234	80,044	10,336	184,614	158,269
Change in net position	492,633	151,311	120,890	764,834	(176,262)
Net position held in trust for pension and OPEB benefits:					
October 1	4,461,998	1,670,638	1,076,551	7,209,187	7,385,449
September 30	$ 4,954,631	$ 1,821,949	$ 1,197,441	$ 7,974,021	$ 7,209,187

See Accompanying Report of Independent Public Accountants.

Exhibit C-3

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2016
($000s)

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
ASSETS				
Cash and cash equivalents	$ 62,121	$ 14,364	$ 15,260	$ 61,225
Other receivables	24,080	4,450	54	28,476
Total assets	$ 86,201	$ 18,814	$ 15,314	$ 89,701
LIABILITIES				
Accounts payable	$ 373	$ 382	$ 14	$ 741
Due to component units	314	35	-	349
Due to other funds	139	12	-	151
Other current liabilities	85,375	7,941	4,856	88,460
Total liabilities	$ 86,201	$ 8,370	$ 4,870	$ 89,701

See Accompanying Report of Independent Public Accountants.

SUPPORTING SCHEDULES

Supporting schedules are financial presentations used to aggregate and present in greater detail information contained in the financial statements and to present additional information not disclosed in the basic financial statements.

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
Year Ended September 30, 2016
($000s)

	Budget			
	Original	Revised	Actual	Variance
Governmental direction and support:				
Council of the District of Columbia	$ 22,321	$ 21,276	$ 21,276	$ -
Office of the D.C. auditor	4,663	4,709	4,549	160
Statehood Initiative Agency	230	290	290	-
Advisory neighborhood commissions	927	927	788	139
Office of the mayor	11,111	11,208	11,043	165
Mayor's office of legal counsel	1,596	1,096	1,092	4
Office of senior advisor	1,894	1,894	1,877	17
Office of the secretary	3,463	3,477	3,467	10
Office of the inspector general	17,215	16,088	14,683	1,405
Captive insurance agency	1,489	2,018	2,017	1
City administrator	6,420	6,950	5,900	1,050
D.C. department of human resources	8,627	10,033	9,968	65
Office of finance & resource mgmt	21,873	21,523	21,038	485
Department of general services	324,253	325,831	323,806	2,025
Office of contracting and procurement	21,343	58,793	58,635	158
Contract appeals board	1,449	1,449	1,378	71
Office of the chief financial officer	162,865	137,144	136,916	228
Office of the attorney general for the District of Columbia	81,558	76,721	73,363	3,358
Office of risk management	2,923	3,299	3,221	78
Office of disability rights	1,606	1,588	1,501	87
Uniform law commission	50	50	48	2
Office of the chief technology officer	72,531	70,174	64,531	5,643
Board of elections	7,390	9,772	9,379	393
Office of campaign finance	2,704	2,704	2,590	114
Public employee relations board	1,274	1,274	1,251	23
Office of employee appeals	1,745	1,745	1,684	61
Metropolitan wash council of governments	472	472	472	-
Deputy mayor for greater economic opportunity	698	673	672	1
D.C. board of ethics and accountability	1,774	1,804	1,789	15
Section 103 judgments	-	9,000	9,000	-
Total governmental direction and support	**786,464**	**803,982**	**788,224**	**15,758**
Economic development and regulation:				
Deputy mayor for planning & economic development	38,971	43,658	32,634	11,024
Department of small and local business development	10,338	9,666	9,432	234
Office of planning	10,312	10,438	9,928	510
Office of zoning	2,606	2,830	2,817	13
Dept. of housing and community development	61,722	68,812	61,793	7,019
Office of film, television and entertainment	13,601	12,152	9,436	2,716
Department of employment services	146,695	123,598	119,530	4,068
Real property tax appeals commission	1,636	1,676	1,643	33
Dept. of consumer & regulatory affairs	44,011	49,922	48,385	1,537
Alcoholic beverage regulation administration	8,142	8,142	7,272	870
Commission on arts & humanities	15,880	15,428	15,135	293
Housing authority subsidy	59,425	55,695	55,695	-
Business improvement districts transfer	28,000	29,200	28,507	693
Housing production trust fund subsidy	50,179	90,179	90,179	-
Office of the tenant advocate	2,788	2,800	2,738	62
Public service commission	13,186	15,042	13,868	1,174
Dept. of insurance, securities and banking	25,610	21,361	20,565	796
Office of people's counsel	7,648	9,822	9,683	139
Section 103 judgments	-	938	938	-
Total economic development and regulation	**540,750**	**571,359**	**540,178**	**31,181**
Public safety and justice:				
Metropolitan police department	516,837	507,957	506,869	1,088
Fire and emergency medical services	231,798	241,251	240,584	667
Police officers' & firefighters' retirement system	136,115	136,115	135,577	538
Office of administrative hearings	8,865	8,771	8,382	389
Criminal justice coordinating council	3,067	4,091	3,108	983
Corrections information council	482	486	441	45
Department of corrections	150,733	141,153	140,998	155
Office of the chief medical examiner	10,828	10,900	10,849	51
D.C. national guard	13,316	13,282	12,294	988
Homeland security and emergency management agency	132,744	60,979	60,739	240
Commission on judicial disabilities and tenure	295	314	290	24
Judicial nomination commission	270	368	251	117
Office of police complaints	2,292	2,292	2,110	182
Office of unified communications	45,168	43,950	43,577	373
Office of justice grant administration	30,363	28,692	28,219	473
Section 103 judgments - public safety and justice	-	89,938	89,938	-
D.C. sentencing and criminal code revision commission	1,610	1,610	1,498	112
Office of the deputy mayor for public safety and justice	846	846	575	271
Department of forensic sciences	22,960	21,142	21,107	35
Total public safety and justice	**1,308,589**	**1,314,137**	**1,307,406**	**6,731**

Exhibit D-1

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS EXPENDITURES
Year Ended September 30, 2016
($000s)

	Budget			
	Original	Revised	Actual	Variance
Public education system:				
District of Columbia public schools	780,860	769,540	767,503	2,037
AY17 public school advance appropriations	-	11,113	11,113	-
Public charter schools	677,744	485,705	485,700	5
AY17 public charter school advance appropriations	-	253,144	253,144	-
Teachers' retirement fund	44,469	44,469	44,359	110
University of the District of Columbia subsidy	70,942	71,942	71,942	-
Office of the state superintendent of education	415,918	404,913	348,729	56,184
D.C. state board of education	1,182	1,182	1,017	165
D.C. public library	57,386	56,869	56,476	393
D.C. public charter school board	8,000	8,000	-	8,000
Special education transportation	93,805	86,571	85,649	922
Non-public tuition	74,415	66,415	66,092	323
Office of the deputy mayor for education	3,571	3,285	3,285	-
Total public education system	**2,228,292**	**2,263,148**	**2,195,009**	**68,139**
Human support services:				
Department of human services	460,150	469,739	467,030	2,709
Department of health	211,644	222,142	206,124	16,018
Department of parks and recreation	44,226	46,980	45,037	1,943
D.C. office on aging	39,184	39,026	38,641	385
Unemployment compensation fund	6,887	4,587	4,508	79
Employees' compensation fund	20,221	25,281	25,281	-
Office of human rights	4,008	4,122	4,115	7
Office on latino affairs	2,782	2,782	2,709	73
Children investment trust	5,510	7,510	7,510	-
D.C. health benefit exchange subsidy	29,614	-	-	-
Child and family services agency	233,813	220,090	216,298	3,792
Department of behavioral health	252,532	256,385	256,053	332
Office on asian and pacific islander affairs	835	749	749	-
Office of veterans affairs	419	379	353	26
Department of youth rehabilitation services	105,676	99,676	98,823	853
Department on disability services	162,374	159,257	158,767	490
Department of health care finance	2,921,127	2,840,417	2,834,778	5,639
Deputy mayor for health and human services	1,391	1,698	1,569	129
Not-for-profit hospital corporation subsidy	-	10,000	10,000	-
Total human support services	**4,502,393**	**4,410,820**	**4,378,345**	**32,475**
Public works:				
Department of public works	133,355	136,295	134,558	1,737
Department of transportation	113,676	102,000	101,602	398
Taxi cab commission	8,399	10,634	10,261	373
Department of motor vehicles	38,105	37,192	34,971	2,221
Washington metro area transit commission	127	127	127	-
Mass transit subsidies	372,213	359,097	359,097	-
D.C. department of the environment	104,542	92,556	83,213	9,343
Total public works	**770,417**	**737,901**	**723,829**	**14,072**
Other:				
Repayment of loans and interest	615,003	578,572	578,572	-
Debt service - issuance costs	6,000	6,000	2,945	3,055
Interest expense on short-term borrowing	3,750	922	922	-
Settlements and judgments fund	21,292	33,292	32,953	339
Wilson building	4,745	4,503	4,289	214
Schools modernization fund	14,276	14,276	14,276	-
D.C. retiree health contribution	95,400	29,000	29,000	-
Repayment of revenue bonds	7,832	7,822	7,822	-
Convention center transfer	125,054	132,304	131,916	388
Highway transportation fund	22,504	25,332	25,332	-
Emergency planning and security fund	13,000	29,229	14,281	14,948
Workforce investments	17,815	-	-	-
Operating lease-equipment	48,413	38,914	38,914	-
Pay-as-you-go capital fund	72,466	144,105	144,105	-
Non-departmental	21,286	11,003	-	11,003
Total other	**1,088,836**	**1,055,274**	**1,025,327**	**29,947**
Total	**$ 11,225,741**	**$ 11,156,621**	**$ 10,958,318**	**$ 198,303**

See Accompanying Report of Independent Public Accountants.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2016
($000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the District of Columbia	$ 22,321	$ 21,174	$ 21,174	$ -	$ -	$ -	$ -	$ -
Office of the D.C. auditor	4,663	4,709	4,549	160	-	-	-	-
Statehood Initiative Agency	230	290	290	-	-	-	-	-
Advisory neighborhood commissions	927	927	788	139	-	-	-	-
Office of the mayor	7,825	7,970	7,891	79	3,286	3,238	3,152	86
Mayor's office of legal counsel	1,596	1,096	1,092	4	-	-	-	-
Office of senior advisor	1,894	1,894	1,877	17	-	-	-	-
Office of the secretary	1,963	2,565	2,555	10	-	-	-	-
Office of the inspector general	14,595	13,334	12,591	743	2,620	2,754	2,092	662
Captive insurance agency	1,422	2,008	2,007	1	-	-	-	-
City administrator	6,129	5,924	5,555	369	-	-	-	-
D.C. department of human resources	8,175	9,440	9,381	59	-	-	-	-
Office of finance & resource management	21,572	21,222	20,800	422	-	-	-	-
Department of general services	317,877	320,039	318,410	1,629	-	-	-	-
Office of contracting and procurement	20,968	58,418	58,338	80	-	-	-	-
Contract appeals board	1,449	1,449	1,378	71	-	-	-	-
Office of the chief financial officer	118,144	118,144	118,045	99	525	525	396	129
Office of the attorney general for the District of Columbia	57,124	56,473	53,937	2,536	22,177	17,991	17,991	-
Office of risk management	2,923	3,299	3,221	78	-	-	-	-
Office of disability rights	1,070	1,070	983	87	536	518	518	-
Uniform law commission	50	50	48	2	-	-	-	-
Office of the chief technology officer	58,268	55,893	55,353	540	114	303	178	125
Board of elections	7,390	7,390	7,114	276	-	2,372	2,255	117
Office of campaign finance	2,704	2,704	2,590	114	-	-	-	-
Public employee relations board	1,274	1,274	1,251	23	-	-	-	-
Office of employee appeals	1,745	1,745	1,684	61	-	-	-	-
Metropolitan wash council of governments	472	472	472	-	-	-	-	-
Deputy mayor for greater economic opportunity	698	673	672	1	-	-	-	-
D.C. board of ethics and accountability	1,684	1,684	1,683	1	-	-	-	-
Section 103 judgments	-	9,000	9,000	-	-	-	-	-
Total governmental direction and support	**687,152**	**732,330**	**724,729**	**7,601**	**29,258**	**27,701**	**26,582**	**1,119**
Economic development and regulation:								
Deputy mayor for planning & economic development	17,550	17,423	17,171	252	2,594	508	470	38
Department of small and local business development	9,642	9,342	9,122	220	696	324	310	14
Office of planning	9,362	9,613	9,116	497	525	507	507	-
Office of zoning	2,606	2,830	2,817	13	-	-	-	-
Dept. of housing and community development	12,619	21,184	20,853	331	47,057	45,558	39,311	6,247
Office of film, television and entertainment	3,405	1,356	1,342	14	-	-	-	-
Department of employment services	59,191	60,067	58,145	1,922	48,379	28,000	26,801	1,199
Real property tax appeals commission	1,636	1,676	1,643	33	-	-	-	-
Dept. of consumer & regulatory affairs	15,052	17,321	17,222	99	-	-	-	-
Alcoholic beverage regulation administration	1,170	1,170	1,170	-	-	-	-	-
Commission on arts & humanities	14,696	14,629	14,336	293	684	692	692	-
Housing authority subsidy	59,425	55,695	55,695	-	-	-	-	-
Housing production trust fund subsidy	50,179	90,179	90,179	-	-	-	-	-
Office of the tenant advocate	2,788	2,800	2,738	62	-	-	-	-
Public service commission	-	-	-	-	435	589	408	181
Dept. of insurance, securities and banking	-	-	-	-	-	984	984	-
Section 103 - economic development & regulation	-	938	938	-	-	-	-	-
Total economic development and regulation	**259,321**	**306,223**	**302,487**	**3,736**	**100,370**	**77,162**	**69,483**	**7,679**
Public safety and justice:								
Metropolitan police department	505,837	497,141	496,864	277	3,066	5,187	4,581	606
Fire and emergency medical services	230,278	239,670	239,097	573	-	1,008	915	93
Police officers' & firefighters' retirement system	136,115	136,115	135,577	538	-	-	-	-
Office of administrative hearings	8,805	8,701	8,312	389	60	70	70	-
Criminal justice coordinating council	1,167	1,092	896	196	1,900	2,986	2,199	787
Corrections information council	482	482	441	41	-	-	-	-
Department of corrections	122,176	123,176	123,167	9	-	-	-	-
Office of the chief medical examiner	10,828	10,900	10,849	51	-	-	-	-
D.C. national guard	5,026	5,026	4,651	375	8,290	8,256	7,643	613
Homeland security and emergency management agency	4,552	4,552	4,550	2	128,192	56,427	56,189	238
Commission on judicial disabilities and tenure	-	-	-	-	295	314	290	24
Judicial nomination commission	-	-	-	-	270	368	251	117
Office of police complaints	2,292	2,292	2,110	182	-	-	-	-
Office of unified communications	28,197	29,097	28,750	347	-	-	-	-
Office of justice grant administration	20,799	20,779	20,442	337	7,871	7,681	7,545	136
Section 103 judgments - public safety and justice	-	89,938	89,938	-	-	-	-	-
D.C. sentencing and criminal code revision commission	1,610	1,610	1,498	112	-	-	-	-
Office of the deputy mayor for public safety and justice	846	846	683	163	-	-	(108)	108
Department of forensic sciences	22,500	20,900	20,865	35	460	242	242	-
Total public safety and justice	**1,101,510**	**1,192,317**	**1,188,690**	**3,627**	**150,404**	**82,539**	**79,817**	**2,722**

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2016
($000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Governmental direction and support:								
Council of the District of Columbia	$ -	$ 102	$ 102	$ -	$ -	$ -	$ -	$ -
Office of the D.C. auditor	-	-	-	-	-	-	-	-
Statehood Initiative Agency	-	-	-	-	-	-	-	-
Advisory neighborhood commissions	-	-	-	-	-	-	-	-
Office of the mayor	-	-	-	-	-	-	-	-
Mayor's office of legal counsel	-	-	-	-	-	-	-	-
Office of senior advisor	-	-	-	-	-	-	-	-
Office of the secretary	-	-	-	-	1,500	912	912	-
Office of the inspector general	-	-	-	-	-	-	-	-
Captive insurance agency	-	-	-	-	67	10	10	-
City administrator	-	696	15	681	291	330	330	-
D.C. department of human resources	-	-	-	-	452	593	587	6
Office of finance & resource management	-	-	-	-	301	301	238	63
Department of general services	-	-	-	-	6,376	5,792	5,396	396
Office of contracting and procurement	-	-	-	-	375	375	297	78
Contract appeals board	-	-	-	-	-	-	-	-
Office of the chief financial officer	-	-	-	-	44,196	18,475	18,475	-
Office of the attorney general for the District of Columbia	408	408	326	82	1,849	1,849	1,109	740
Office of risk management	-	-	-	-	-	-	-	-
Office of disability rights	-	-	-	-	-	-	-	-
Uniform law commission	-	-	-	-	-	-	-	-
Office of the chief technology officer	-	-	-	-	14,149	13,978	9,000	4,978
Board of elections	-	10	10	-	-	-	-	-
Deputy mayor for greater economic opportunity	-	-	-	-	-	-	-	-
D.C. board of ethics and accountability	-	-	-	-	90	120	106	14
Section 103 judgments	-	-	-	-	-	-	-	-
Total governmental direction and support	**408**	**1,216**	**453**	**763**	**69,646**	**42,735**	**36,460**	**6,275**
Economic development and regulation:								
Deputy mayor for planning & economic development	-	-	-	-	18,827	25,727	14,993	10,734
Department of small and local business development	-	-	-	-	-	-	-	-
Office of planning	325	218	218	-	100	100	87	13
Office of zoning	-	-	-	-	-	-	-	-
Dept. of housing and community development	-	24	2	22	2,046	2,046	1,627	419
Office of motion picture and television development	-	-	-	-	10,196	10,796	8,094	2,702
Department of employment services	1	126	125	1	39,124	35,405	34,459	946
Real property tax appeals commission	-	-	-	-	-	-	-	-
Dept. of consumer & regulatory affairs	-	-	-	-	28,959	32,601	31,163	1,438
Alcoholic beverage regulation administration	-	-	-	-	6,972	6,972	6,102	870
Commission on arts & humanities	-	-	-	-	500	107	107	-
Housing authority subsidy	-	-	-	-	-	-	-	-
Business improvement districts transfer	-	-	-	-	28,000	29,200	28,507	693
Housing production trust fund subsidy	-	-	-	-	-	-	-	-
Office of the tenant advocate	-	-	-	-	-	-	-	-
Public service commission	22	22	12	10	12,729	14,431	13,448	983
Dept. of insurance, securities and banking	-	-	-	-	25,610	20,377	19,581	796
Office of people's counsel	-	-	-	-	7,648	9,822	9,683	139
Section 103 - economic development & regulation	-	-	-	-	-	-	-	-
Total economic development and regulation	**348**	**390**	**357**	**33**	**180,711**	**187,584**	**167,851**	**19,733**
Public safety and justice:								
Metropolitan police department	-	487	282	205	7,934	5,142	5,142	-
Fire and emergency medical services	-	1	-	1	1,520	572	572	-
Police officers' & firefighters' retirement system	-	-	-	-	-	-	-	-
Office of administrative hearings	-	-	-	-	-	-	-	-
Criminal justice coordinating council	-	13	13	-	-	-	-	-
Corrections information council	-	4	-	4	-	-	-	-
Department of corrections	-	-	-	-	28,557	17,977	17,831	146
Office of the chief medical examiner	-	-	-	-	-	-	-	-
D.C. national guard	-	-	-	-	-	-	-	-
Homeland security and emergency management agency	-	-	-	-	-	-	-	-
Commission on judicial disabilities and tenure	-	-	-	-	-	-	-	-
Judicial nomination commission	-	-	-	-	-	-	-	-
Office of police complaints	-	-	-	-	-	-	-	-
Office of unified communications	-	-	-	-	16,971	14,853	14,827	26
Office of justice grant administration	-	-	-	-	1,693	232	232	-
Section 103 judgments - public safety and justice	-	-	-	-	-	-	-	-
D.C. sentencing and criminal code revision commission	-	-	-	-	-	-	-	-
Office of the deputy mayor for public safety and justice	-	-	-	-	-	-	-	-
Department of forensic sciences	-	-	-	-	-	-	-	-
Total public safety and justice	**-**	**505**	**295**	**210**	**56,675**	**38,776**	**38,604**	**172**

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2016
($000s)

	Local Source				Federal Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of Columbia public schools	727,492	717,715	717,674	41	46,230	41,351	41,096	255
AY17 public school advance appropriations	-	11,113	11,113	-	-	-	-	-
Public charter schools	677,744	485,705	485,700	5	-	-	-	-
AY17 public charter school advance appropriations	-	253,144	253,144	-	-	-	-	-
Teachers' retirement fund	44,469	44,469	44,359	110	-	-	-	-
University of the District of Columbia subsidy	70,942	71,942	71,942	-	-	-	-	-
Office of the state superintendent of education	142,265	134,562	131,094	3,468	272,558	269,037	217,034	52,003
D.C. state board of education	1,154	1,154	1,017	137	-	-	-	-
D.C. public library	55,927	55,404	55,074	330	919	925	924	1
D.C. public charter school board	-	-	-	-	-	-	-	-
Special education transportation	93,805	86,571	85,649	922	-	-	-	-
Non-public tuition	74,415	66,415	66,092	323	-	-	-	-
Office of the deputy mayor for education	3,571	3,285	3,285	-	-	-	-	-
Total public education system	**1,891,784**	**1,931,479**	**1,926,143**	**5,336**	**319,707**	**311,313**	**259,054**	**52,259**
Human support services:								
Department of human services	270,601	269,317	268,511	806	186,349	198,584	197,652	932
Department of health	78,870	78,586	74,485	4,101	119,619	128,468	120,456	8,012
Department of parks and recreation	41,685	42,908	42,537	371	-	-	(71)	71
D.C. office on aging	31,369	31,269	31,011	258	7,815	7,756	7,629	127
Unemployment compensation fund	6,887	4,587	4,508	79	-	-	-	-
Employees' compensation fund	20,221	25,281	25,281	-	-	-	-	-
Office of human rights	3,741	3,741	3,734	7	267	381	381	-
Office on latino affairs	2,782	2,782	2,709	73	-	-	-	-
Children investment trust	5,510	7,510	7,510	-	-	-	-	-
D.C. health benefit exchange subsidy	29,614	-	-	-	-	-	-	-
Child and family services agency	163,995	159,145	155,353	3,792	68,559	59,716	59,716	-
Department of behavioral health	226,856	228,435	228,301	134	20,881	24,740	24,669	71
Office on asian and pacific islander affairs	835	749	749	-	-	-	-	-
Office of veterans affairs	414	374	353	21	-	-	-	-
Department of youth rehabilitation services	105,676	99,676	98,823	853	-	-	-	-
Department on disability services	117,625	113,955	113,829	126	37,376	38,659	38,311	348
Department of health care finance	771,356	763,554	759,166	4,388	2,147,166	2,074,533	2,073,505	1,028
Deputy mayor for health and human services	1,391	1,698	1,569	129	-	-	-	-
Not-for-profit hospital corporation subsidy	-	10,000	10,000	-	-	-	-	-
Total human support services	**1,879,428**	**1,843,567**	**1,828,429**	**15,138**	**2,588,032**	**2,532,837**	**2,522,248**	**10,589**
Public works:								
Department of public works	125,680	129,254	128,867	387	-	-	-	-
Department of transportation	85,025	82,066	81,680	386	7,945	3,647	3,635	12
Taxi cab commission	1,100	1,921	1,888	33	-	-	-	-
Department of motor vehicles	28,091	26,891	26,761	130	-	287	253	34
Washington metro area transit commission	127	127	127	-	-	-	-	-
Mass transit subsidies	324,053	317,298	317,298	-	-	-	-	-
D.C. department of the environment	17,156	18,032	17,862	170	26,579	23,744	21,724	2,020
Total public works	**581,232**	**575,589**	**574,483**	**1,106**	**34,524**	**27,678**	**25,612**	**2,066**
Other:								
Repayment of loans and interest	591,627	555,097	555,097	-	18,262	18,361	18,361	-
Debt service - issuance costs	6,000	6,000	2,945	3,055	-	-	-	-
Interest expense on short-term borrowing	3,750	922	922	-	-	-	-	-
Settlements and judgments fund	21,292	33,292	32,953	339	-	-	-	-
Wilson building	4,745	4,503	4,289	214	-	-	-	-
Schools modernization fund	14,276	14,276	14,276	-	-	-	-	-
D.C. retiree health contribution	95,400	29,000	29,000	-	-	-	-	-
Repayment of revenue bonds	7,832	7,822	7,822	-	-	-	-	-
Convention center transfer	125,054	132,304	131,916	388	-	-	-	-
Highway transportation fund	22,504	25,332	25,332	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	13,000	29,229	14,281	14,948
Workforce investments	17,815	-	-	-	-	-	-	-
Operating lease-equipment	48,413	38,914	38,914	-	-	-	-	-
Pay-as-you-go capital fund	21,449	88,043	88,043	-	-	-	-	-
Non-departmental	2,754	-	-	-	-	-	-	-
Total other	**982,911**	**935,505**	**931,509**	**3,996**	**31,262**	**47,590**	**32,642**	**14,948**
Total	**$ 7,383,338**	**$ 7,517,010**	**$ 7,476,470**	**$ 40,540**	**$ 3,253,557**	**$ 3,106,820**	**$ 3,015,438**	**$ 91,382**

See Accompanying Report of Independent Public Accountants.

Exhibit D-2

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS
Year Ended September 30, 2016
($000s)

	Private Grants				Other Source			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
Public education system:								
District of Columbia public schools	-	2,797	2,753	44	7,138	7,677	5,980	1,697
AY16 public school advance appropriations	-	-	-	-	-	-	-	-
Public charter schools	-	-	-	-	-	-	-	-
AY16 public charter school advance appropriations	-	-	-	-	-	-	-	-
Teachers' retirement fund	-	-	-	-	-	-	-	-
University of the District of Columbia subsidy	-	-	-	-	-	-	-	-
Office of the state superintendent of education	104	130	60	70	991	1,184	541	643
D.C. state board of education	28	28	-	28	-	-	-	-
D.C. public library	-	-	-	-	540	540	478	62
D.C. public charter school board	-	-	-	-	8,000	8,000	-	8,000
Special education transportation	-	-	-	-	-	-	-	-
Non-public tuition	-	-	-	-	-	-	-	-
Office of the deputy mayor for education	-	-	-	-	-	-	-	-
Total public education system	**132**	**2,955**	**2,813**	**142**	**16,669**	**17,401**	**6,999**	**10,402**
Human support services:								
Department of human services	-	-	-	-	3,200	1,838	867	971
Department of health	-	-	-	-	13,155	15,088	11,183	3,905
Department of parks and recreation	-	110	110	-	2,541	3,962	2,461	1,501
D.C. office on aging	-	1	1	-	-	-	-	-
Unemployment compensation fund	-	-	-	-	-	-	-	-
Employees' compensation fund	-	-	-	-	-	-	-	-
Office of human rights	-	-	-	-	-	-	-	-
Office on latino affairs	-	-	-	-	-	-	-	-
Children investment trust	-	-	-	-	-	-	-	-
D.C. health benefit exchange subsidy	-	-	-	-	-	-	-	-
Child and family services agency	59	29	29	-	1,200	1,200	1,200	-
Department of behavioral health	544	216	216	-	4,251	2,994	2,867	127
Office on asian and pacific islander affairs	-	-	-	-	-	-	-	-
Office of veterans affairs	-	-	-	-	5	5	-	5
Department of youth rehabilitation services	-	-	-	-	-	-	-	-
Department on disability services	10	10	10	-	7,363	6,633	6,617	16
Department of health care finance	-	-	-	-	2,605	2,330	2,107	223
Deputy mayor for health and human services	-	-	-	-	-	-	-	-
Not-for-profit hospital corporation subsidy	-	-	-	-	-	-	-	-
Total human support services	**613**	**366**	**366**	**-**	**34,320**	**34,050**	**27,302**	**6,748**
Public works:								
Department of public works	-	-	-	-	7,675	7,041	5,691	1,350
Department of transportation	-	-	-	-	20,706	16,287	16,287	-
Taxi cab commission	-	-	-	-	7,299	8,713	8,373	340
Department of motor vehicles	-	-	-	-	10,014	10,014	7,957	2,057
Washington metro area transit commission	-	-	-	-	-	-	-	-
Mass transit subsidies	-	-	-	-	48,160	41,799	41,799	-
D.C. department of the environment	-	-	-	-	60,807	50,780	43,627	7,153
Total public works	**-**	**-**	**-**	**-**	**154,661**	**134,634**	**123,734**	**10,900**
Other:								
Repayment of loans and interest	-	-	-	-	5,114	5,114	5,114	-
Debt service - issuance costs	-	-	-	-	-	-	-	-
Interest expense on short-term borrowing	-	-	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-	-	-
Wilson building	-	-	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-	-	-
Highway transportation fund	-	-	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	-	51,017	56,062	56,062	-
Non-departmental	-	-	-	-	18,532	11,003	-	11,003
Total other	**-**	**-**	**-**	**-**	**74,663**	**72,179**	**61,176**	**11,003**
Total	**$ 1,501**	**$ 5,432**	**$ 4,284**	**$ 1,148**	**$ 587,345**	**$ 527,359**	**$ 462,126**	**$ 65,233**

See Accompanying Report of Independent Public Accountants.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2016
($000s)

	Local Source			Federal Resources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	$ 2,363,018	$ 43,358	$ 2,406,376	$ -	$ -	$ -
Sales and use taxes	1,370,105	(17,040)	1,353,065	-	-	-
Income taxes	2,307,388	(25,760)	2,281,628	-	-	-
Other taxes	716,083	(38,650)	677,433	-	-	-
Total taxes	6,756,594	(38,092)	6,718,502	-	-	-
Licenses and permits	77,667	8,293	85,960	-	-	-
Fines and forfeits	136,616	14,920	151,536	-	-	-
Charges for services	75,429	2,936	78,365	-	-	-
Miscellaneous	95,375	10,846	106,221	-	-	-
Other	-	-	-	-	-	-
Federal contributions	-	-	-	95,900	(11,494)	84,406
Operating grant	-	-	-	3,157,657	(138,106)	3,019,551
Bond proceeds	6,000	-	6,000	-	-	-
Fund balance released from restrictions	121,079	217,939	339,018	-	2,863	2,863
Transfer in from lottery board	62,500	(7,500)	55,000	-	-	-
Transfer in-others	66,410	14,082	80,492	-	-	-
Total revenues and sources	**7,397,670**	**223,424**	**7,621,094**	**3,253,557**	**(146,737)**	**3,106,820**
Expenditures and Uses:						
Governmental direction and support	687,152	45,178	732,330	29,258	(1,557)	27,701
Economic development and regulation	259,321	46,902	306,223	100,370	(23,208)	77,162
Public safety and justice	1,101,510	90,807	1,192,317	150,404	(67,865)	82,539
Public education system	1,891,784	(224,562)	1,667,222	319,707	(8,394)	311,313
Public education AY17 expenditure	-	264,257	264,257	-	-	-
Human support services	1,879,428	(35,861)	1,843,567	2,588,032	(55,195)	2,532,837
Public works	581,232	(5,643)	575,589	34,524	(6,846)	27,678
Repayment of loans and interest	591,627	(36,530)	555,097	18,262	99	18,361
Debt service - issuance costs	6,000	-	6,000	-	-	-
Interest expense on short-term borrowing	3,750	(2,828)	922	-	-	-
Settlements and judgments fund	21,292	12,000	33,292	-	-	-
Wilson building	4,745	(242)	4,503	-	-	-
Schools modernization fund	14,276	-	14,276	-	-	-
D.C. retiree health contribution	95,400	(66,400)	29,000	-	-	-
Repayment of revenue bonds	7,832	(10)	7,822	-	-	-
Convention center transfer	125,054	7,250	132,304	-	-	-
Highway transportation fund	22,504	2,828	25,332	-	-	-
Emergency planning and security fund	-	-	-	13,000	16,229	29,229
Workforce investments	17,815	(17,815)	-	-	-	-
Operating lease-equipment	48,413	(9,499)	38,914	-	-	-
Pay-as-you-go capital fund	21,449	66,594	88,043	-	-	-
Non-departmental	2,754	(2,754)	-	-	-	-
Total expenditures and uses	**7,383,338**	**133,672**	**7,517,010**	**3,253,557**	**(146,737)**	**3,106,820**
Excess of Revenues and Sources Over Expenditures and Uses	**$ 14,332**	**$ 89,752**	**$ 104,084**	**$ -**	**$ -**	**$ -**

See Accompanying Report of Independent Public Accountants.

Exhibit D-3

FINANCIAL REPORTING ENTITY
SCHEDULE OF BUDGET REVISIONS
Year Ended September 30, 2016
($000s)

	Private Grant and Contributions			Other Sources		
	Original Budget	Revisions	Revised Budget	Original Budget	Revisions	Revised Budget
Revenues and Sources:						
Taxes:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Income taxes	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Other	-	-	-	587,345	(123,798)	463,547
Federal contributions	-	-	-	-	-	-
Operating grant	1,501	3,931	5,432	-	-	-
Bond proceeds	-	-	-	-	-	-
Fund balance released from restrictions	-	-	-	-	63,812	63,812
Transfer in from lottery board	-	-	-	-	-	-
Transfer in-others	-	-	-	-	-	-
Total revenues and sources	**1,501**	**3,931**	**5,432**	**587,345**	**(59,986)**	**527,359**
Expenditures and Uses:						
Governmental direction and support	408	808	1,216	69,646	(26,911)	42,735
Economic development and regulation	348	42	390	180,711	6,873	187,584
Public safety and justice	-	505	505	56,675	(17,899)	38,776
Public education system	132	2,823	2,955	16,669	732	17,401
Public education AY16 expenditure	-	-	-	-	-	-
Human support services	613	(247)	366	34,320	(270)	34,050
Public works	-	-	-	154,661	(20,027)	134,634
Repayment of loans and interest	-	-	-	5,114	-	5,114
Debt service - issuance costs	-	-	-	-	-	-
Interest expense on short-term borrowing	-	-	-	-	-	-
Settlements and judgments fund	-	-	-	-	-	-
Section 103 - financing and other funds	-	-	-	-	-	-
Schools modernization fund	-	-	-	-	-	-
D.C. retiree health contribution	-	-	-	-	-	-
Repayment of revenue bonds	-	-	-	-	-	-
Convention center transfer	-	-	-	-	-	-
Highway transportation fund	-	-	-	-	-	-
Emergency planning and security fund	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-
Operating lease-equipment	-	-	-	-	-	-
Emergency and contingency reserve funds	-	-	-	-	-	-
Pay-as-you-go capital fund	-	-	-	51,017	5,045	56,062
Non-departmental	-	-	-	18,532	(7,529)	11,003
Total expenditures and uses	**1,501**	**3,931**	**5,432**	**587,345**	**(59,986)**	**527,359**
Excess of Revenues and Sources Over Expenditures and Uses	$ -	$ -	$ -	$ -	$ -	$ -

See Accompanying Report of Independent Public Accountants.

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CAFR 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

MURIEL BOWSER
MAYOR

JEFFREY S. DEWITT
CHIEF FINANCIAL OFFICER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

YEAR ENDED SEPTEMBER 30, 2016

STATISTICAL SECTION

(Unaudited)

This section contains statistical tables that reflect information on financial trends, revenue capacity, debt capacity, demographics and the economy, and other data regarding the District's operations. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data.

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INDEX

1. Financial Trends 177
2. Revenue Capacity 185
3. Debt Capacity 191
4. Demographic and Economic Information 197
5. Operating Information 199

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1. FINANCIAL TRENDS

These schedules contain trend information, which may be used to better understand how the District's financial performance and well-being have changed over time.

Net Position By Component — Exhibit S-1A

Last Ten Fiscal Years

(accrual basis of accounting, dollars in thousands)

NET POSITION	2007	2008	2009	2010 *	2011	2012 *	2013 **	2014	2015 ***	2016
Governmental activities										
Net investment in capital assets	$ 1,197,275	$ 1,794,279	$ 2,155,206	$ 2,437,385	$ 2,534,538	$ 2,872,272	$ 2,849,043	$ 2,830,199	$ 2,639,069	$ 2,835,463
Restricted	1,269,708	1,156,213	852,061	1,117,560	963,694	1,057,582	1,264,682	1,195,364	1,594,809	1,440,889
Unrestricted	92,345	(404,959)	(505,804)	(739,720)	(527,647)	(601,284)	(632,045)	(456,827)	(134,430)	170,315
Total governmental activities net position	2,559,328	2,545,533	2,501,463	2,815,225	2,970,585	3,328,570	3,481,680	3,568,736	4,099,448	4,446,667
Business-type activities										
Net investment in capital assets	17,211	16,747	16,012	4,827	478	480	427	270	169	330
Restricted	375,148	374,282	304,773	233,296	226,229	229,930	241,952	260,645	312,483	364,237
Unrestricted	25,980	24,773	25,864	8,628	3,501	3,607	3,911	4,012	4,271	4,184
Total business-type activities net position	418,339	415,802	346,649	246,751	230,208	234,017	246,290	264,927	316,923	368,751
Primary government										
Net investment in capital assets	1,214,486	1,811,026	2,171,218	2,442,212	2,535,016	2,872,752	2,849,470	2,830,469	2,639,238	2,835,793
Restricted	1,644,856	1,530,495	1,156,834	1,350,856	1,189,923	1,287,512	1,506,634	1,456,009	1,907,292	1,805,126
Unrestricted	118,325	(380,186)	(479,940)	(731,092)	(524,146)	(597,677)	(628,134)	(452,815)	(130,159)	174,499
Total primary government net position	$ 2,977,667	$ 2,961,335	$ 2,848,112	$ 3,061,976	$ 3,200,793	$ 3,562,587	$ 3,727,970	$ 3,833,663	$ 4,416,371	$ 4,815,418

** Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information was adjusted.*

*** In FY2013, the District implemented GASB Statement No. 65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.*

**** In FY2015, the District implemented GASB Statement No. 68 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2015.*

Source: Information was extracted from Exhibit 1-a, Statement of Net Position, Page 44.

Changes in Net Position — Exhibit S-1B

Last Ten Fiscal Years

(accrual basis of accounting, dollars in thousands)

	2007	2008	2009	2010 *	2011	2012 *	2013 **	2014	2015 ***	2016
Governmental activities										
Expenses										
Governmental direction and support****	$ 787,392	$ 834,694	$ 878,219	$ 871,240	$ 783,557	$ 987,978	$ 993,774	$ 929,313	$ 1,144,379	$ 1,228,553
Economic development and regulation	509,874	499,644	470,567	374,149	370,592	353,618	460,082	416,670	474,493	548,314
Public safety and justice	1,264,715	1,384,517	1,407,166	1,563,505	1,521,863	1,490,423	1,497,016	1,568,899	1,715,161	1,799,670
Public education system****	1,589,652	1,787,635	1,937,238	1,989,518	2,086,722	2,113,955	2,224,946	2,221,519	2,326,963	2,271,561
Human support services	2,992,805	3,285,325	3,598,570	3,677,405	3,889,812	3,925,613	4,086,722	4,336,730	4,484,943	4,507,123
Public works	481,702	586,649	553,233	497,027	489,304	587,002	603,423	651,221	705,766	701,559
Public transportation	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436	335,703	359,097
Interest on long-term debt	281,918	293,339	336,536	324,319	356,164	397,216	382,530	396,754	404,130	392,638
Total governmental activities expenses	8,106,542	8,886,708	9,412,028	9,540,831	9,755,717	10,077,144	10,533,344	10,830,542	11,591,538	11,808,515
Program revenues										
Charges for services, fees, fines & forfeitures:										
Economic development and regulation	102,230	111,105	105,148	112,074	126,407	134,410	136,436	146,067	167,841	172,898
Public works	151,957	206,771	196,119	219,005	228,287	191,960	170,810	189,566	165,931	183,592
Others	80,790	61,273	98,211	118,943	135,407	211,033	223,969	165,753	205,189	242,257
Operating grants & contributions	2,309,495	2,178,275	2,813,568	3,321,671	3,343,747	3,190,038	3,277,118	3,368,565	3,464,746	3,577,091
Capital grants & contributions	130,557	175,841	180,602	259,277	172,964	261,411	270,813	178,218	224,891	167,948
Total governmental activities program revenues	2,775,029	2,733,265	3,393,648	4,030,970	4,006,812	3,988,852	4,079,146	4,048,169	4,228,598	4,343,786
Net expenses	(5,331,513)	(6,153,443)	(6,018,380)	(5,509,861)	(5,748,905)	(6,088,292)	(6,454,198)	(6,782,373)	(7,362,940)	(7,464,729)
General revenues										
Taxes:										
Property taxes	1,545,325	1,787,365	1,951,345	1,881,733	1,803,691	1,945,071	2,012,788	2,118,198	2,315,693	2,504,617
Sales and use taxes	1,056,780	1,101,859	1,052,011	1,081,005	1,121,257	1,218,576	1,247,374	1,282,573	1,425,525	1,451,441
Income and franchise taxes	1,736,361	1,755,894	1,478,068	1,434,131	1,656,283	1,956,590	2,094,179	2,094,754	2,316,727	2,417,206
Gross receipts taxes	302,768	302,873	315,976	295,531	279,002	319,036	345,852	389,539	361,293	365,305
Other taxes	498,198	413,401	261,909	264,959	403,199	404,066	400,308	423,354	528,866	498,161
Investment earnings	124,420	95,847	28,242	19,156	6,122	21,944	6,071	6,810	5,855	11,601
Miscellaneous	456,425	458,469	530,847	447,368	563,400	514,590	580,097	499,235	406,914	510,330
Special items	(8,838)	153,640	287,137	266,942	-	-	-	-	-	-
Transfers	65,376	70,300	68,775	96,624	71,311	66,404	68,314	54,966	55,586	53,287
Total governmental activities general revenues	5,776,815	6,139,648	5,974,310	5,787,449	5,904,265	6,446,277	6,754,983	6,869,429	7,416,459	7,811,948
Change in net position --- governmental activities	$ 445,302	$ (13,795)	$ (44,070)	$ 277,588	$ 155,360	$ 357,985	$ 300,785	$ 87,056	$ 53,519	$ 347,219

(Continued)

Footnotes are presented on page 180.

Changes in Net Position — Exhibit S-1B

Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

(Continued)

	2007	2008	2009	2010 *	2011	2012 *	2013 **	2014	2015 ***	2016
Business activities										
Expenses										
Lottery and games	$ 192,336	$ 182,981	$ 176,625	$ 163,393	$ 169,526	$ 183,185	$ 173,927	$ 161,144	$ 156,762	$ 174,882
Unemployment compensation	99,920	150,237	370,775	480,976	408,997	344,913	255,645	160,403	119,267	114,633
Nursing home services	37,556	40,837	44,601	18,817	4,555	-	-	-	-	-
Total business-type activities expenses	329,812	374,055	592,001	663,186	583,078	528,098	429,572	321,547	276,029	289,515
Program revenues										
Charges for services, fees, fines & forfeitures:										
Lottery and games	256,824	252,721	245,370	230,159	231,749	249,675	242,460	216,040	212,495	228,183
Nursing home services	31,849	37,435	43,424	19,991	4,135	-	-	-	-	-
Operating grants & contributions	18,358	21,191	36,985	36,998	34,968	27,945	32,790	9,766	14,561	12,028
Total business-type activities program revenues	307,031	311,347	325,779	287,148	270,852	277,620	275,250	225,806	227,056	240,211
Net expenses	(22,781)	(62,708)	(266,222)	(376,038)	(312,226)	(250,478)	(154,322)	(95,741)	(48,973)	(49,304)
General revenues										
Taxes:										
Other taxes	90,117	92,733	94,622	129,471	128,875	133,618	131,025	141,760	148,889	145,887
Investment earnings	20,841	21,317	19,061	13,584	11,764	8,517	7,723	7,340	7,666	8,532
Miscellaneous	1,095	16,355	152,161	229,709	226,355	178,556	96,161	20,244	-	-
Transfers	(65,376)	(70,300)	(68,775)	(96,624)	(71,311)	(66,404)	(68,314)	(54,966)	(55,586)	(53,287)
Total business-type activities general revenues	46,677	60,105	197,069	276,140	295,683	254,287	166,595	114,378	100,969	101,132
Change in net position --- business-type activities	23,896	(2,603)	(69,153)	(99,898)	(16,543)	3,809	12,273	18,637	51,996	51,828
Total primary government										
Expenses	8,436,354	9,260,763	10,004,029	10,204,017	10,338,795	10,605,242	10,962,916	11,152,089	11,867,567	12,098,030
Program revenues	3,082,060	3,044,612	3,719,427	4,318,118	4,277,664	4,266,472	4,354,396	4,273,975	4,455,654	4,583,997
Net expenses	(5,354,294)	(6,216,151)	(6,284,602)	(5,885,899)	(6,061,131)	(6,338,770)	(6,608,520)	(6,878,114)	(7,411,913)	(7,514,033)
General revenues	5,823,492	6,199,753	6,171,379	6,063,589	6,199,948	6,700,564	6,921,578	6,983,807	7,517,428	7,913,080
Change in net position --- primary government	$ 469,198	$ (16,398)	$ (113,223)	$ 177,690	$ 138,817	$ 361,794	$ 313,058	$ 105,693	$ 105,515	$ 399,047

** Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information was adjusted.*

*** In FY2013, the District implemented GASB Statement No. 65 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2013.*

**** In FY2015, the District implemented GASB Statement No. 68 and restated the beginning net position. The effect of this restatement is not reflected in information presented for years prior to FY2015.*

***** FY 2015 governmental activities expenses revised to reflect reclassification.*

Source: Information was extracted from Exhibit 1-b, Statement of Activities, Page 45.

Fund Balances - Governmental Funds

Exhibit S-1C

Last Ten Fiscal Years

(modified accrual basis of accounting, dollars in thousands)

	2007	2008	2009	2010 *
General Fund				
Reserved	$ 1,135,459	$ 957,977	$ 703,694	$ 836,181
Unreserved	358,541	286,745	216,789	94,588
Total general fund	$ 1,494,000	$ 1,244,722	$ 920,483	$ 930,769
All other governmental funds				
Reserved, reported in:				
Special revenue funds	$ 460,556	$ 465,229	$ 507,678	$ 555,476
Capital project funds	835,024	629,805	417,212	137,922
Total all other governmental funds	$ 1,295,580	$ 1,095,034	$ 924,890	$ 693,398

In FY 2011, the District implemented GASB Statement #54; presentation is not comparable to prior years.

	2011	2012 *	2013	2014	2015	2016
General Fund						
Nonspendable	$ 18,465	$ 20,357	$ 16,015	$ 25,668	$ 12,734	$ 11,631
Restricted	756,650	856,277	976,071	983,011	1,026,396	1,030,895
Committed	256,287	595,008	659,567	744,649	1,047,105	1,325,895
Assigned	73,492	34,879	97,275	120,331	80,827	20,668
Unassigned	-	-	-	-	-	-
Total general fund	$ 1,104,894	$ 1,506,521	$ 1,748,928	$ 1,873,659	$ 2,167,062	$ 2,389,089
All other governmental funds						
Nonspendable	$ -	$ -	$ -	$ 9,736	$ 3,752	$ 2
Restricted	621,740	541,642	717,664	639,604	821,872	754,029
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(116,269)	-	(114,248)	-	(228,870)
Total all other governmental funds	$ 621,740	$ 425,373	$ 717,664	$ 535,092	$ 825,624	$ 525,161

** Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information was adjusted.*

Source: Information was extracted from Exhibit 2-a, Balance Sheet - Governmental Funds, Page 46.

Changes in Fund Balances - Governmental Funds — Exhibit S-1D

Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

	2007	2008	2009	2010 *	2011	2012 *	2013	2014	2015	2016
REVENUES										
Taxes	$ 5,146,007	$ 5,333,118	$ 5,042,487	$ 4,956,910	$ 5,260,486	$ 5,833,054	$ 6,128,210	$ 6,325,257	$ 6,988,738	$ 7,283,128
Fines and forfeitures	101,971	99,452	106,169	128,473	129,448	185,771	178,708	143,124	129,283	202,314
Licenses and permits	89,072	94,988	91,230	86,951	102,769	99,300	105,081	102,242	119,658	123,029
Charges for services	143,934	184,709	202,079	234,598	257,884	252,332	247,426	256,020	290,020	273,404
Investment earnings	124,420	95,847	28,242	19,156	5,789	21,728	6,608	6,810	5,855	11,601
Miscellaneous	444,262	457,747	524,046	447,365	549,006	514,694	511,582	552,455	414,500	457,163
Federal contributions	440,962	433,206	573,446	670,186	617,845	554,979	555,038	519,846	554,342	521,828
Operating grants	1,999,090	1,920,910	2,420,724	2,910,762	2,898,866	2,896,470	2,992,893	3,026,937	3,135,295	3,223,211
Total revenues	8,489,718	8,619,977	8,988,423	9,454,401	9,822,093	10,358,328	10,725,546	10,932,691	11,637,691	12,095,678
EXPENDITURES										
Governmental direction and support	651,974	695,175	672,463	657,935	698,117	787,331	810,803	920,513	1,027,473	1,068,253
Economic development and regulation	444,508	461,707	405,140	388,424	351,814	318,266	383,143	411,812	448,244	560,365
Public safety and justice	1,241,684	1,369,907	1,381,873	1,546,473	1,517,640	1,469,727	1,513,469	1,515,470	1,521,196	1,671,804
Public education system	1,541,194	1,716,701	1,850,200	1,904,023	1,943,438	1,980,384	2,084,613	2,128,137	2,246,209	2,309,778
Human support services	2,975,821	3,222,979	3,485,267	3,669,367	3,823,317	3,881,043	4,042,204	4,261,400	4,438,448	4,514,647
Public works	329,942	416,982	388,713	318,590	265,750	342,215	287,598	329,355	354,686	365,437
Public transportation	198,484	214,905	230,499	243,668	257,703	221,339	284,851	309,436	335,703	359,097
Debt service:										
Principal	232,389	251,998	277,523	209,746	211,696	217,645	254,312	306,498	301,001	361,375
Interest	258,769	287,354	292,484	300,123	333,872	375,461	410,020	422,450	421,549	449,347
Fiscal charges	15,095	25,330	19,659	64,532	14,296	15,447	8,640	4,895	8,311	3,732
Total debt service	506,253	564,682	589,666	574,401	559,864	608,553	672,972	733,843	730,861	814,454
Subtotal expenditures	7,889,860	8,663,038	9,003,821	9,302,881	9,417,643	9,608,858	10,079,653	10,609,966	11,102,820	11,663,835
Capital outlay	1,024,541	1,390,415	1,130,971	1,359,488	1,189,356	1,152,943	1,208,481	1,123,073	1,196,394	1,107,239
Total expenditures	8,914,401	10,053,453	10,134,792	10,662,369	10,606,999	10,761,801	11,288,134	11,733,039	12,299,214	12,771,074
Excess (deficiency) of revenues over (under) expenditures	(424,683)	(1,433,476)	(1,146,369)	(1,207,968)	(784,906)	(403,473)	(562,588)	(800,348)	(661,523)	(675,396)
OTHER FINANCING SOURCES (USES)										
Debt issuance	610,580	664,105	491,645	750,298	745,025	439,370	833,286	597,230	1,034,252	431,815
Refunding debt issuance	251,155	675,895	580,140	835,010	63,860	608,210	25,005	475,305	231,255	95,575
Premium on sale of bonds	16,063	36,282	50,198	89,505	24,711	124,679	154,681	85,679	155,540	84,235
Payment to refunded bond escrow agent	(264,334)	(675,385)	(607,640)	(855,011)	(63,335)	(679,843)	(28,929)	(503,439)	(256,765)	(95,120)
Equipment financing program	42,471	36,479	62,068	34,162	45,801	49,463	41,016	31,716	25,590	11,368
Transfers in	694,229	477,829	447,639	429,033	302,059	353,087	364,563	331,676	358,736	460,462
Transfers out	(628,853)	(407,529)	(378,864)	(332,409)	(230,748)	(286,683)	(296,249)	(276,710)	(303,150)	(407,175)
Sale of capital assets	12,168	726	6,800	-	-	450	3,913	1,050	-	15,800
Total other financing sources	733,479	808,402	651,986	950,588	887,373	608,733	1,097,286	742,507	1,245,458	596,960
Special items	(8,838)	175,250	-	-	-	-	-	-	-	-
Net change in fund balances	$ 299,958	$ (449,824)	$ (494,383)	$ (257,380)	$ 102,467	$ 205,260	$ 534,698	$ (57,841)	$ 583,935	$ (78,436)
Total capitalized expenditures	$ 857,739	$ 1,402,291	$ 1,222,453	$ 1,455,655	$ 936,823	$ 999,605	$ 925,053	$ 893,504	$ 905,635	$ 936,960
Debt service as a percentage of noncapital expenditures	6.10%	6.23%	6.40%	5.54%	5.64%	6.08%	6.41%	6.72%	6.34%	6.85%

** Due to the District's policy change on the recognition of personal property tax revenues, FY2010 & 2012 information was adjusted.*
Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 47.

Tax Revenues by Source - Governmental Funds — Exhibit S-1E

Last Ten Fiscal Years

(modified accrual basis of accounting, dollars in thousands)

Fiscal Year	Property Tax			Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal	Rental					
2007	$ 1,452,267	$ 67,394	$ 32,239	$ 1,056,780	$ 1,736,361	$ 302,768	$ 498,198	$ 5,146,007
2008	1,666,315	59,690	33,086	1,101,859	1,755,894	302,873	413,401	5,333,118
2009	1,832,748	69,163	32,612	1,052,011	1,478,068	315,976	261,909	5,042,487
2010	1,790,519	56,501 *	34,264 **	1,081,005	1,434,131	295,531	264,959	4,956,910
2011	1,715,069	52,696	32,980	1,121,257	1,656,283	279,002	403,199	5,260,486
2012	1,843,918	55,734	35,134	1,218,576	1,956,590	319,036	404,066	5,833,054
2013	1,940,169	54,878	45,450	1,247,374	2,094,179	345,852	400,308	6,128,210
2014	2,037,905	55,413	41,719	1,282,573	2,094,754	389,539	423,354	6,325,257
2015	2,219,859	57,225	79,243	1,425,525	2,316,727	361,293	528,866	6,988,738
2016	2,386,010	59,101	58,780	1,451,441	2,464,330	365,305	498,161	7,283,128

** Due to the District's policy change on the recognition of personal property tax revenues, FY2010 information has been adjusted*

*** Corrected to reflect proper classification*

Source: Information was extracted from Exhibit 2-b, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Page 47.

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2. REVENUE CAPACITY

These schedules contain information regarding the District's most significant local revenue sources: property, income, and sales and use taxes.

Assessed Value and Estimated Actual Value of Taxable Property — Exhibit S-2A

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Estimated Actual Value: Commercial Property	Estimated Actual Value: Residential Property *	Total Taxable	Tax Exempt	Total Value	Total Direct Tax Rate**	Tax Exempt as a % of Total Value
2007	$ 51,748,487	$ 73,126,786	$ 124,875,273	$ 57,690,545	$ 182,565,818	1.31	31.6%
2008	61,557,827	81,400,361	142,958,188	67,869,520	210,827,708	1.30	32.2%
2009	68,495,502	84,544,053	153,039,555	81,211,121	234,250,676	1.29	34.7%
2010	68,254,862	81,862,427	150,117,289	82,113,504	232,230,793	1.30	35.4%
2011	59,224,100	80,063,402	139,287,502	81,528,158	220,815,660	1.25	36.9%
2012	65,903,077	80,598,880	146,501,957	83,399,263	229,901,220	1.26	36.3%
2013	70,337,945	81,406,777	151,744,722	84,690,034	236,434,756	1.23	35.8%
2014	74,834,806	85,465,264	160,300,070	87,287,954	247,588,024	1.24	35.3%
2015	82,287,797	94,623,356	176,911,153	90,854,809	267,765,962	1.32	33.9%
2016	86,644,638	102,457,968	189,102,606	91,429,157	280,531,763	1.32	32.6%

** After deduction of homestead exemption and credits against tax for 2007; Does not reflect the 2007-2014 Cap Assessment of 10% for Class 01 with Homestead Exemptions; After deduction of Homestead Exemption for 2008- 2014*

***The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.*

Note: Assessed value is 100 percent of estimated actual value

Source: Office of Tax and Revenue

Direct Property Tax Rates — Exhibit S-2B

Last Ten Fiscal Years

Fiscal Year	Direct Property Tax Rate (Per $100 Assessed Valuation): Basic Rate	General Obligation Debt Service	Redevelopment Program	Total Direct
2007	0.86	0.45	-	1.31
2008	0.98	0.32	-	1.30
2009	1.01	0.28	-	1.29
2010	1.02	0.28	-	1.30
2011	0.97	0.28	-	1.25
2012	1.12	0.14	-	1.26
2013	1.12	0.11	-	1.23
2014	1.13	0.11	-	1.24
2015	1.18	0.14	-	1.32
2016	1.16	0.16	-	1.32

Note: The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: Office of Tax and Revenue

Major Tax Rates — Exhibit S-2C

Last Ten Fiscal Years

Fiscal Year	Property (per $100 of assessed value)						Sales and Use			Income and Franchise		Gross Receipt	
	Residential		Commercial									Public Utility (6)	
	Owner occupied	Tenant occupied	Hotels	Improved	Unimproved	Personal	General (1)	Cigarette (2)	Motor Fuel (3)	Individual (4)	Business (5)	Commercial	Residential
2007	0.88	0.88	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2008	0.85	0.85	1.85	1.85	5.00	3.40	0.0575	1.00	0.20	.040-.085	0.09975	0.11	0.10
2009	0.85	0.85	1.65/1.85*	1.65/1.85*	10.00	3.40	0.0575	2/2.5**	0.20	.040-.085	0.09975	0.11	0.10
2010	0.85	0.85	1.65/1.85	1.65/1.85	10.00	3.40	0.0600	2/2.5	0.24	.040-.085	0.09975	0.11	0.10
2011	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.5/3.13	0.24	.040-.085	0.09975	0.11	0.10
2012	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2013	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0600	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2014	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.86/3.57	0.24	.040-.089	0.09975	0.11	0.10
2015	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.90/3.62	0.24	.040-.089	0.09400	0.11	0.10
2016	0.85	0.85	1.85	1.85	0.85/1.65/1.85	3.40	0.0575	2.91/3.63	0.24	.040-.089	0.09200	0.11	0.10

Source: Office of Tax and Revenue

**$1.65 for Commercial Improved properties assessed at up to $3 million; 1.85 for all residuals above $3 million.*

*** $2 per pack of 20 and $2.50 per pack of 25*

(1) Of sales value

(2) Per package of 20 & 25

(3) Per gallon

(4) Of taxable Income

(5) Of net income

(6) Of gross charges (gas, lighting, telephone)

Principal Property Taxpayers — Exhibit S-2D

Current Year and Nine Years Ago

(dollars in thousands)

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 % of Total Taxable Assessed Value	2007 Taxable Assessed Value	2007 Rank	2007 % of Total Taxable Assessed Value
CC OWNER LLC	$ 746,505	1	0.395%	$ 119,234	79	0.095%
JBG/FEDERAL CENTER LLC	658,106	2	0.348%	454,228	1	0.364%
CARR CRHP PROPERTIES LLC	632,596	3	0.335%	340,781	4	0.273%
WASHINGTON SQUARE LIMITED PARTNERSHIP	588,441	4	0.311%	318,156	6	0.255%
555 12TH REIT LLC	530,513	5	0.281%	437,667	2	0.350%
UNITED BROTHERHOOD CRPT JNR AM NATL H S FD	505,735	6	0.267%	230,000	14	0.184%
WARNER INVESTMENTS LP	447,762	7	0.237%	333,000	5	0.267%
BLENHEIM DC I LLC	429,877	8	0.227%	232,798	13	0.186%
13th & F ASSOCIATES LP	421,919	9	0.223%	342,827	3	0.275%
GEORGE WASHINGTON UNIVERSITY	399,317	10	0.211%	***	***	***

**** Property was not active in 2007*

Source: Office of Tax and Revenue

Ten Highest Assessed Values For Tax Exempt Properties — Exhibit S-2E

Current Year

(dollars in thousands)

Property	Value
International finance corporation	$ 641,421
Inter-american development bank	607,467
International bank for reconstruction & development	549,163
Protestant episcopal cathedral foundation DC	453,168
Catholic university of america	386,066
International monetary fund	381,084
President and directors of georgetown university	368,584
International monetary fund	348,167
The freedom forum inc	271,216
President and directors of gonzaga college	258,914

Note: Duplicate property listings result from owners with multiple properties.

Source: Office of Tax and Revenue

Property Tax Levies and Collections — Exhibit S-2F

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year Ended Sept 30	Current Levy			Prior Years			Total		
	Levy	Collections	Percent Collected	Outstanding Balances Billed	Collections	Percent Collected	Billed	Collected	Total
2007	$ 1,405,056	$ 1,361,132	96.9%	$ 75,081	$ 66,500	88.6%	$1,480,137	$ 1,427,632	96.5%
2008	1,662,835	1,615,583	97.2%	70,895	59,885	84.5%	1,733,730	1,675,468	96.6%
2009	1,861,953	1,752,290 (1)	94.1%	100,910	65,868 (1)	65.3%	1,962,863	1,818,158	92.6%
2010	1,792,100	1,735,602 (2)	96.8%	144,883	94,683 (2)	65.4%	1,936,983	1,830,285	94.5%
2011	1,639,902	1,610,533	98.2%	226,333	111,465	49.2%	1,866,235	1,721,998	92.3%
2012	1,814,958	1,784,196	98.3%	152,954	78,989	51.6%	1,967,912	1,863,185	94.7%
2013	1,909,967	1,872,534	98.0%	145,546	82,977	57.0%	2,055,513	1,955,511	95.1%
2014	2,000,814	1,969,905	98.5%	139,400	80,076	57.4%	2,140,214	2,049,981	95.8%
2015	2,220,771	2,180,283	98.2%	119,381	68,945	57.8%	2,340,152	2,249,228	96.1%
2016	2,357,764	2,317,713	98.3%	94,796	76,119	80.3%	2,452,560	2,393,832	97.6%

(1) Previously reported collections for 2009 included tax overpayments for both the current levy and prior years balances of $8,648 and $3,615, respectively.

(2) Previously reported collections for 2010 included tax overpayments for both the current levy and prior years balances of $10,940 and $2,361, respectively.

Note: Table reflects a modification to the tax levy data previously reported, which included new billings of prior year tax, penalty and interest amounts due. Data has been reformatted to specifically identify prior year amounts included in the annual amounts billed.

Source: Office of Tax and Revenue

Personal Income Tax Rates — Exhibit S-2G

Last Ten Fiscal Years

Year		Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of Listed Amounts: Single	Married Filing Jointly	Head of Household	* Average Effective Rate
2007		8.50%	$ 40,000	$ 40,000	$ 40,000	6.20%
2008		8.50%	40,000	40,000	40,000	5.93%
2009		8.50%	40,000	40,000	40,000	5.64%
2010		8.50%	40,000	40,000	40,000	5.36%
2011		8.50%	40,000	40,000	40,000	5.32%
2012	**	8.95%	350,000	350,000	350,000	5.48%
2013		8.95%	350,000	350,000	350,000	5.60%
2014		8.95%	350,000	350,000	350,000	6.33%
2015		8.95%	350,000	350,000	350,000	6.66%
2016		8.95%	350,000	350,000	350,000	N/A

N/A: Not Available

** Fiscal year personal income tax collections divided by prior-year personal income.*

*** 2012 numbers reflect tax law changes.*

Source: Office of Tax and Revenue

Personal Income Tax Filers and Liability by Income Level — Exhibit S-2H

Current Year and Nine Years Ago

	2016				2007			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	72,299	20.3%	$1,322,794,799	75.41%	39,029	12.9%	$ 880,991,794	67.4%
$75,001 - $100,000	31,528	8.9%	145,132,702	8.27%	18,979	6.3%	96,360,960	7.4%
$50,001 - $75,000	53,133	14.9%	150,036,489	8.55%	36,644	12.1%	120,192,078	9.2%
$25,001 - $50,000	84,530	23.7%	112,102,557	6.39%	78,407	25.9%	131,052,362	10.0%
$10,001 - $25,000	67,556	18.9%	22,987,078	1.31%	64,225	21.3%	36,546,777	2.8%
$10,000 and lower	47,564	13.3%	1,259,792	0.07%	64,977	21.5%	41,589,468	3.2%
Total	356,610	100.0%	$1,754,313,417	100.00%	302,261	100.0%	$1,306,733,439	100.0%

Note: Amounts not expressed in thousands.

Source: Office of Tax and Revenue

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3. DEBT CAPACITY

These schedules present information showing the District's current levels of outstanding debt, and the District's ability to issue additional debt in the future.

Ratios of General Obligation Bonds Outstanding — Exhibit S-3A

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds (GO)	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita *
2007	$ 4,140,133	$ 124,875,273	3.32%	$ 7,060
2008	4,592,518	142,958,188	3.21%	7,917
2009	3,766,628	153,039,555	2.46%	6,281
2010	2,781,053	150,117,289	1.85%	4,595
2011	2,829,598	139,287,502	2.03%	4,561
2012	2,295,225	146,501,957	1.57%	3,614
2013	2,245,185	151,744,722	1.48%	3,459
2014	2,790,935	160,300,070	1.74%	4,230
2015	3,530,770	176,911,153	2.00%	5,267
2016	3,829,305	189,102,606	2.02%	5,622

** The prior year per capita amounts were updated to reflect the revised census population estimates.*

Pledged-Revenue Coverage — Exhibit S-3B

Last Ten Fiscal Years

(dollars in thousands)

	Tax Increment Financing Debts					Income Tax Secured Revenue Bonds				
			Debt Service					Debt Service		
Fiscal Year	Sales Tax Increment	Real Property Tax Increment	Principal	Interest	Coverage	Individual Income Tax	Business Franchise Tax	Principal	Interest	Coverage
2007	$ 8,948	$ 3,516	$ 4,666	$ 5,042	128.39%	$ -	$ -	$ -	$ -	0.00%
2008	9,090	1,563	4,565	5,147	109.69%	-	-	-	-	0.00%
2009	10,032	4,918	4,467	5,245	153.93%	1,135,938	342,130	-	7,974	18536.09%
2010	7,529	4,431	4,390	5,320	123.17%	1,110,444	323,687	-	59,710	2401.83%
2011	10,904	3,750	4,323	5,385	150.95%	1,296,598	359,684	23,160	136,175	1039.50%
2012	9,747	9,711	8,034	6,452	134.32%	1,490,694	465,896	90,755	134,090	870.20%
2013	11,238	7,119	4,203	6,496	171.58%	1,640,899	453,280	117,740	193,898	671.99%
2014	7,178	10,324	3,973	6,719	163.69%	1,679,173	415,581	148,120	205,724	592.00%
2015	9,133	12,328	3,914	6,785	200.59%	1,868,037	447,805	138,580	204,933	674.16%
2016	8,203	10,132	4,073	6,839	168.03%	1,907,862	556,468	88,155	179,702	920.02%

Note:

Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 8 presented on pages 109 through 119).

Beginning in FY 2010, the District revised the presentation of this Exhibit by removing sales tax and real property tax increments that were dedicated to debt service associated with tax increment financing (other than the Gallery Place TIF Bonds and the Mandarin Hotel TIF Bonds) for which the principal and interest components of debt service were dedicated.

Beginning in FY 2012, the City Market at O Street TIF was added to the presentation.

Ratios of Outstanding Debt by Type — Exhibit S-3C

Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental Activities														
Fiscal Year	General Obligation Bonds	Income Tax Secured Bonds	TIF Bonds	Qualified Zone Academy Bonds	Certificates of Participation	Capital Leases	Ballpark Bonds	HPTF Bonds(3)	PILOT Revenue Bond(4)	GARVEE Bonds(5)	Tobacco Bonds(1)	**Total Debt**	**Personal Income(2)**	**Total Debt as a Percentage of Personal Income**	**Total Debt Per Capita**	**Total "Tax Supported Debt" Per Capita**
2007	$ 4,140,133	$ -	$ 105,229	$ 4,787	$ 270,780	$ 59,868	$ 528,490	$ 34,105	$ -	$ -	$ 737,069	$ 5,880,461	$ 36,817,750	16.0%	$ 10,028	$ 8,771
2008	4,592,518	-	100,664	6,713	261,375	52,403	526,415	33,570	155,630	-	724,484	6,453,772	40,359,750	16.0%	11,126	9,877
2009	3,766,628	1,071,785	96,196	6,044	251,515	44,492	521,750	33,010	142,138	-	711,239	6,644,797	40,403,096	16.4%	11,081	9,895
2010	2,781,053	2,570,650	91,807	9,518	241,185	36,108	517,390	85,615	156,621	-	699,779	7,189,726	41,499,722	17.3%	11,880	10,723
2011	2,829,598	3,029,100	87,484	8,573	230,335	27,433	512,850	84,335	142,375	82,610	690,289	7,724,982	45,272,125	17.1%	12,451	11,205
2012	2,295,225	3,799,645	112,985	7,628	218,935	18,972	507,935	82,805	127,924	78,775	677,219	7,928,048	46,873,665	16.9%	12,484	11,294
2013	2,245,185	4,457,675	108,782	6,682	206,965	11,024	502,255	120,450	82,207	117,570	647,459	8,506,254	48,118,236	17.7%	13,104	11,926
2014	2,790,935	4,465,820	104,809	5,736	-	8,162	474,420	118,055	70,030	111,110	631,294	8,780,371	46,015,860	19.1%	13,307	12,182
2015	3,530,770	4,327,855	100,895	4,791	-	5,105	467,360	115,565	215,647	104,395	616,404	9,488,787	48,453,108	19.6%	14,154	13,079
2016	3,829,305	4,240,155	96,822	3,845	-	1,837	371,305	112,965	214,213	97,420	600,974	9,568,841	51,882,666	18.4%	14,048	13,022

Note:
There are no business-type activities with outstanding debt.
Prior year per capita amounts were updated to reflect U.S. Census Bureau population estimates.
Convention Center bonds are not included in this table.
(1) Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "Tax Supported Debt" Per Capita calculation.
(2) The prior year personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.
(3) HPTF - Housing Production Trust Fund
(4) PILOT - Payment in Lieu of Taxes
(5) GARVEE - Federal Highway Grant Anticipation Revenue Bonds

Legal Debt Margin Information — Exhibit S-3D

Last Ten Fiscal Years
(dollars in thousands)

Debt Service Cost Margin Calculation for Fiscal Year 2016:

General fund revenue		$8,073,856
Debt service cost limitation (17% of general fund revenue)		$1,372,556
Debt expenditure applicable to limit:		
Principal	$ 228,793	
Interest	362,860	
Subtotal for current year	591,653	
Highest debt service cost	$ 591,653	
Total debt service cost subject to the limitation		591,653
Debt service cost margin		**$ 780,903**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt service cost limitation	$1,000,684	$1,039,711	$1,002,774	$ 977,459	$1,019,192	$1,119,360	$1,165,281	$1,206,218	$1,302,425	$1,372,556
Highest debt service cost	406,161	456,152	408,506	408,555	456,152	464,994	513,639	576,273	596,468	591,653
Debt service cost margin	$ 594,523	$ 583,559	$ 594,268	$ 568,904	$ 563,040	$ 654,366	$ 651,642	$ 629,945	$ 705,957	$ 780,903
Total debt service cost subject to the limit as a percentage of debt service cost limit	40.6%	43.9%	40.7%	41.8%	44.8%	41.5%	44.1%	47.8%	45.8%	43.1%
Debt limit ratio	6.9%	7.5%	6.9%	7.1%	7.6%	7.1%	7.5%	8.1%	7.8%	7.3%

Note:
Under the District of Columbia Self-Government and Governmental Reorganization Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long-term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues. The District issued more income tax revenue bonds to refund general obligation debt because the income tax revenue bonds have a higher rating, which resulted in a lower interest cost.

Operating Indicators by Function/Program

Exhibit S-5A

Last Ten Fiscal Years

(Continued)

Function/Program	Operating Indicators 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC EDUCATION SYSTEM										
D.C. Public School System										
Number of School Teachers	4,509	4,328	3,722	3,758	3,850	3,775	3,392	3,585	3,684	3,999
Number of School Students	52,945	46,208	46,132	45,772	48,737	45,191	45,557	46,393	47,548	48,757
Number of High School Graduates	2,489	2,555	2,679	2,790	2,954	2,919	2,864	2,702	2,784	2,764
University of the District of Columbia										
Number of Teachers	242	247	241	231	222	260	250	223	230	237
Number of Students	5,612	5,595	5,260	5,855	5,286	5,490	5,352	5,118	5,118	4,585
Number of Graduates	475	218	711	602	641	705	832	866	795	735
PUBLIC WORKS/PUBLIC TRANSPORTATION										
Street Resurfaced (includes reconstruction); Regular Cover; Pavement Restoration (miles)	52.30	32.10	18.00	13.00	14.00	17.00	19.30	27.20	42.00	50.70
Potholes Repaired	6,262	2,800	2,400	5,580	6,863	26,233	24,718	65,332	72,719	75,417
Refuse Collected (tons per day)	406	404	378	390	393	382	361	354	340	386
Recyclables Collected (tons per day)	95	98	105	110	107	133	145	130	116	96
Tons of Bulk Trash Removed	4,831	4,025	4,136	3,611	3,536	2,944	2,594	2,558	2,597	3,612
Tons of Leaves Removed	7,834	10,072	8,289	8,050	6,914	5,659	5,920	6,054	5,798	7,221
Tons of Snow Removed	661,050	674,225	808,732	5,298,905	850,000	105,487	218,005	2,250,383	1,265,841	1,962,054
Department of Motor Vehicles										
Number of Motor Vehicle Registrations (1/1 - 12/31)	271,243	269,549	259,367	276,585	278,915	284,674	289,028	296,210	303,039	309,332
Number of Operator Licenses Issued (1/1 - 12/31)	117,902	112,072	110,846	109,630	111,354	120,372	119,303	81,656	80,459	125,901
Number of Operator Licenses Outstanding (1/1 - 12/31)	396,193	342,816	340,316	348,036	357,228	370,805	411,356	416,289	448,304	466,293
CONVENTION CENTER										
Conferences Held	151	183	204	214	231	201	209	204	233	217
Attendees	1,028,953	1,091,406	1,053,266	1,015,324	1,017,638	1,159,480	1,089,116	1,280,256	1,120,398	1,465,820

Limitation On Borrowing — Exhibit S-3E

(dollars in thousands)

General Fund Expenditures[1]:	$ 7,691,571
General Fund Transfers out[1]:	259,616
Adjustment for Transfer to Component Agency (UDC)[1]:	43,754
Adjustment for TIFs and PILOTs Bonds and Notes Debt Service Transfers[1]:	39,632
Adjustment for Ballpark Revenue Bond Debt Service Transfers[1]:	120,343
Adjustment for Convention Center Hotel Debt Service Transfers[1]:	14,762
Total:	**$ 8,169,678**
Limitation on borrowing (12%):	$ 980,361
FY 2016 debt service cost:	843,998
Margin on Limitation:	**$ 136,363**
FY 2016 Debt service percentage:	**10.33%**

Debt Service Expenditures by Fiscal Year

	2016			2017			2018			2019		
Long-Term Debt	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
General Obligation Bonds[2]	$ 133,280	$ 171,760	$ 305,040	$ 130,055	$ 181,560	$ 311,615	$ 122,340	$ 176,512	$ 298,852	$ 136,365	$ 170,258	$ 306,623
Income Tax Secured Revenue Bonds[2]	88,155	179,702	267,857	119,300	203,980	323,280	159,040	197,865	356,905	186,000	190,183	376,183
TIF Bonds[3]	4,073	6,839	10,912	4,136	7,222	11,358	4,180	7,594	11,774	4,284	7,576	11,860
TIF Notes[4, 5]	5,486	3,893	9,379	1,724	3,732	5,456	1,621	3,712	5,333	1,639	3,704	5,343
QZAB	946	-	946	690	-	690	690	-	690	454	-	454
Capital Leases	3,268	239	3,507	1,837	37	1,874	-	-	-	-	-	-
Ballpark Revenue Bonds	96,055	24,288	120,343	1,880	20,237	22,117	9,835	19,921	29,756	10,875	19,377	30,252
Equipment Financing Program	36,946	1,521	38,467	26,397	1,047	27,444	18,690	564	19,254	11,614	230	11,844
HPTF Revenue Bonds	2,600	5,222	7,822	2,725	5,100	7,825	2,850	4,972	7,822	2,990	4,839	7,829
PILOT Bonds[6]	10,049	7,835	17,884	10,391	9,321	19,712	11,326	12,314	23,640	11,916	12,103	24,019
PILOT Notes[7]	879	578	1,457	370	537	907	391	510	901	413	481	894
225 Virginia Avenue Lease	3,115	6,159	9,274	3,333	5,941	9,274	3,565	5,709	9,274	3,813	5,461	9,274
Washington Convention and Sports Authority	18,900	32,210	51,110	19,760	31,248	51,008	20,655	30,283	50,938	21,600	29,244	50,844
Total	**$ 403,752**	**$ 440,246**	**$ 843,998**	**$ 322,598**	**$ 469,962**	**$ 792,560**	**$ 355,183**	**$ 459,956**	**$ 815,139**	**$ 391,963**	**$ 443,456**	**$ 835,419**

The purpose of this exhibit is to comply with debt limitation requirement.

Notes:

1) Adjustments are made to General Fund Expenditures and Transfers to reflect Component Agencies and Debt Service Expenditures not already included.

2) Interest on Floating Rate General Obligation and Income Tax Secured Revenue Bonds assumed at 2.50%.

3) TIF Bonds include the Gallery Place, Mandarin Oriental Hotel and the City Market at O Street. The District plans to issue additional bonds which have been approved and included in future years' debt service.

4) TIF Notes include the Clyde's, Forever 21, Georgia Avenue CVS, Howard Theatre, Verizon Center, City Market at O Street Note, and 3 TIF Notes which were paid off in FY 2016 (Fort Lincoln, Madame Tussaud's, and the National Crime & Punishment Museum).

5) Adjustments are made to TIF Notes to reflect principal prepayment and change in presentation of Convention Center Hotel debt.

6) PILOT Bonds include Anacostia Waterfront Corp., the Yards, and the Wharf projects. The debt service schedule for the Yards PILOT Note does not require principal payments until fiscal year 2020. Principal payments shown are actual or anticipated, and at the District's discretion.

7) PILOT Notes include Rhode Island Place and Foundry Lofts projects.

Source: Office of Finance and Treasury

4. DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic data to help explain the environment within which the District's financial activities take place. This information also facilitates comparisons of financial statements over time and among governments.

Demographic and Economic Statistics — Exhibit S-4A

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)(3)	Per Capita Income (2)	Median Age (1a)	Employment (4)	Unemployment Rate (4)	Claims Accepted (5)	Claims Rejected (5)
2007	586,409	$ 36,817,750	$ 62,785	34.6	691,708	5.5%	17,111	5,918
2008	580,074	40,359,750	69,577	34.3	702,725	6.0%	20,425	7,123
2009	599,657	40,403,096	67,377	34.0	701,633	9.0%	34,668	13,697
2010	605,210	41,499,722	68,571	33.8	709,075	10.2%	34,481	10,761
2011	620,427	45,272,125	72,969	33.7	723,233	10.2%	40,113	11,578
2012	635,040	46,873,665	73,812	33.6	730,033	9.3%	42,276	14,686
2013	649,111	48,118,236	74,129	33.8	733,317	8.6%	27,665	13,237
2014	659,836	46,015,860	69,738	33.8	757,500	7.8%	28,995	9,921
2015	670,377	48,453,108	72,277	33.8	764,700	6.7%	21,290	13,141
2016	681,170	51,882,666	76,167	N/A	780,400	6.1%	19,593	11,344

1) Source: U.S. Census Bureau. Population data is based on estimates as of July 1 each year. Presentation of prior years' data is adjusted for Census updates.

1a) Median age for 2010 and years thereafter are updated each May. Updates made to prior year numbers may not match prior year CAFR figures.

2) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Economic Analysis (BEA). BEA uses slightly different population estimates in its calculation of per capita income. Updates are made each year to prior year numbers, which will not match prior year CAFR figures.

3) In thousands

4) Source: D.C. Department of Employment Services, Office of Labor Market Research and Information based on data from U.S. Bureau of Labor Statistics.

5) Source: D.C. Department of Employment Services, Office of Unemployment Compensation:

N/A - Not Available

For some measures in Exhibit S-4A, updates are made each year to prior year numbers. Therefore, prior year numbers may not match the numbers in CAFR tables from previous years.

Principal Employers — Exhibit S-4B

Current Year and Ten Years Ago

	2016			2006		
Employer	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Georgetown University	*	1	*	*	2	*
George Washington University	*	2	*	*	3	*
Children's National Medical Center	*	3	*	*	5	*
American University	*	4	*	*	8	*
Georgetown University Hospital	*	5	*	*	7	*
Booz Allen & Hamilton, Inc	*	6	*	*	90	*
Howard University	*	7	*	*	1	*
Fannie Mae	*	8	*	*	6	*
Catholic University Of America	*	9	*	*	13	*
Red Coats	*	10	*	*	109	*
Allied Barton Security Services	*	11	*	*	45	*
George Washington University Hospital	*	12	*	*	7	*
Howard University Hospital	*	13	*	*	10	*
Sibley Memorial Hospital	*	14	*	*	14	*
Corporate Advisory Board Co	*	15	*	*	12	*
Total	**56,453**		**7.1%**	**44,207**		**6.5%**

** This data is produced through the Quarterly Covered Employment and Wage (QCEW) Program, a Bureau of Labor Statistics federal/state cooperative statistical program. Release of data under this program is subject to the Confidential Information Protection and Statistical Efficiency Act of 2002. The District cannot release company specific employment information without the written consent of each of the companies that are included in the release of such data. As a result, we are only presenting rank and total employment information for the top fifteen principal employers.*

Source: Department of Employment Services, Office of Labor Market Research and Information

5. OPERATING INFORMATION

These schedules contain service and infrastructure data to better understand how the information in the District's financial reports relates to the services the District provides and the activities it performs.

Operating Indicators by Function/Program — Exhibit S-5A

Last Ten Fiscal Years

Function/Program	Operating Indicators 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GOVERNMENTAL DIRECTION AND SUPPORT										
General Obligation Bonds										
Bond Rating by S&P	A+	A+	A+	A+	A+	A+	AA-	AA	AA	AA
Bond Rating by Moody's	A1	A1	A1	Aa2	Aa2	Aa2	Aa2	Aa2	Aa1	Aa1
Bond Rating by Fitch	A+	A+	A+	AA-	AA-	AA-	AA-	AA	AA	AA
Income Tax Secured Revenue Bond *										
Bond Rating by S&P	-	-	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond Rating by Moody's	-	-	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond Rating by Fitch	-	-	AA	AA+	AA+	AA+	AA+	AA+	AA+	AA+
*First issued in FY 2009										
ECONOMIC DEVELOPMENT AND REGULATION										
Taxable Retail Sales ($ millions)	$ 9,971	$ 11,048	$ 10,198	$ 11,191	$ 11,697	$ 12,610	$ 13,083	$ 13,717	$ 14,659	$ 15,270
Commercial Construction Units	173	156	107	138	124	117	96	327	97	125
Commercial Construction Value	$1,300,454	$1,938,197	$ 2,321,216	$1,518,394	$ 941,963	$ 649,872	$ 954,718	$ 2,542,032	$ 1,902,211	$ 1,701,364
Residential Construction Units	664	1,237	1,003	850	899	855	1,199	1,369	1,121	1,304
Residential Construction Value	$ 182,298	$ 276,722	$ 269,812	$ 214,187	$ 235,996	$ 261,314	$ 382,192	$ 425,194	$ 391,467	$ 433,979
Housing Finance Agency										
Number of Single-Family Units Financed	273	218	109	15	53	16	2	192	236	205
Amount of Single-Family Financing Provided ($ 000s)	$ 59,070	$ 43,795	$ 24,750	$ 2,704	$ 9,897	$ 3,604	$ 619	$ 53,068	$ 65,183	$ 62,902
Number of Multi-Family Units Financed	1,198	917	297	1,307	729	1,608	939	1,008	1,325	2,090
Amount of Multi-Family Financing Provided ($ 000s)	$ 118,978	$ 91,014	$ 28,255	$ 137,000	$ 78,512	$ 183,002	$ 139,347	$ 194,600	$ 171,401	$ 294,735
Total Number of Housing Units Financed	1,471	1,135	406	1,322	782	1,624	941	1,200	1,561	2,295
Total Amount of Housing Financing Provided ($ 000s)	$ 178,048	$ 134,809	$ 53,005	$ 139,704	$ 88,409	$ 186,606	$ 139,966	$ 247,668	$ 236,584	$ 357,637
PUBLIC SAFETY AND JUSTICE										
Police										
Crime Index Offenses	33,043	35,351	34,977	30,872	31,772	36,154	35,752	37,662	37,471	35,714
Number of Police Officers	3,907	4,050	4,047	3,960	3,801	3,907	4,010	3,971	3,839	3,737
Fire & EMS										
Number of Operational Personnel	1,818	1,958	1,958	1,946	1,941	1,874	1,998	1,877	1,864	1,875
Total Number of Incidents	153,788	158,919	165,725	162,440	161,795	167,939	167,335	179,319	197,092	205,988
Total Number of Fire/Rescue Incidents	32,363	32,396	30,728	31,562	31,527	30,296	29,823	32,313	34,924	34,840
Number of Medical Incidents	121,415	126,523	134,997	130,878	130,268	137,643	137,512	147,006	162,168	171,148
Total Number of Transports	76,841	81,981	86,824	94,039	97,689	101,208	102,987	109,044	115,262	92,695
Inspections	19,282	13,175	22,716	24,862	14,231	11,470	12,482	13,159	10,148	11,814
PUBLIC LIBRARY										
Number of Volumes	3,037,696	2,897,099	2,525,848	2,242,514	1,601,581	1,466,010	1,491,914	1,536,820	1,376,418	1,304,305

Capital Asset Statistics by Function/Program — Exhibit S-5B

Last Ten Fiscal Years

Function/Program	Fiscal Years 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Police Stations Including Satellites	16	17	11	11	11	11	11	11	11	11
Number of Patrol Cars	1,222	1,242	1,200	1,183	1,195	1,196	1,197	1,224	1,259	1,240
Fire										
Number of Fire and EMS stations	34	34	34	34	34	34	34	34	34	34
Number of Front-line Emergency Vehicles	130	111	126	126	123	123	123	124	94	114
EMS										
Number of Ambulances	78	79	77	78	89	73	110	98	86	88
D.C. Public School System										
Number of Schools	144	144	131	122	123	122	122	112	112	115
Number of School Buses	727	727	790	753	802	838	880	799	601	626
Public Library										
Number of Main and Branch Buildings	22	22	24	25	25	26	26	26	26	26
Number of Community and Kiosk Facilities	5	5	0	-	-	-	-	-	-	-
Parks and Recreation										
Acreage	836	836	836	836	883	883	931	931	931	931
Number of Recreation & Community Centers	73	75	75	79	78	78	74	73	73	74
Number of Day Camps	86	71	68	76	91	88	96	96	82	84
Number of Outdoor Swimming Pools	26	24	24	23	23	24	22	22	22	23
Number of Indoor Swimming Pools	8	7	7	10	8	8	8	11	11	15
Public Works/Public Transportation										
Number of Refuse Collection Trucks	77	77	84	71	70	64	64	69	68	74
Primary Street Miles	126	126	126	126	126	126	135	134	134	134
Secondary Street Miles	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,009	1,117	1,117
Number of Street Lights	68,000	68,000	68,000	68,000	68,000	69,350	70,182	70,828	70,809	69,708
Number of Signalized Intersections	1,570	1,575	1,600	1,700	1,603	1,603	1,645	1,652	1,524	1,403
Number of Trees	128,540	144,000	145,312	146,920	144,000	148,980	147,276	147,376	153,990	150,288
D.C. Water & Sewer Authority										
Miles of Water Mains	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Miles of Sewer Mains	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800

Budgeted Full-Time Equivalent District Government Employees, by Function, General Operating Funds — Exhibit S-5C

Last Ten Fiscal Years

	Full-time Equivalent District Government Employees									
Function	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Governmental direction and support	2,613	2,725	2,726	2,440	2,648	2,994	3,014	3,069	3,178	3,191
Economic development and regulation	1,157	1,220	1,230	1,128	1,040	1,041	1,181	1,282	1,305	1,363
Public safety and justice	8,234	8,720	8,728	8,586	8,505	8,313	8,230	8,192	8,247	8,308
Public education system	9,367	8,618	8,323	7,651	9,253	9,028	8,959	8,701	9,558	9,499
Human support services	4,571	4,816	4,559	3,946	3,782	3,687	3,822	3,992	4,141	4,208
Public works	1,889	2,073	2,197	2,106	2,007	2,146	2,196	2,324	2,397	2,414
Total	**27,831**	**28,172**	**27,763**	**25,857**	**27,235**	**27,209**	**27,402**	**27,560**	**28,826**	**28,983**

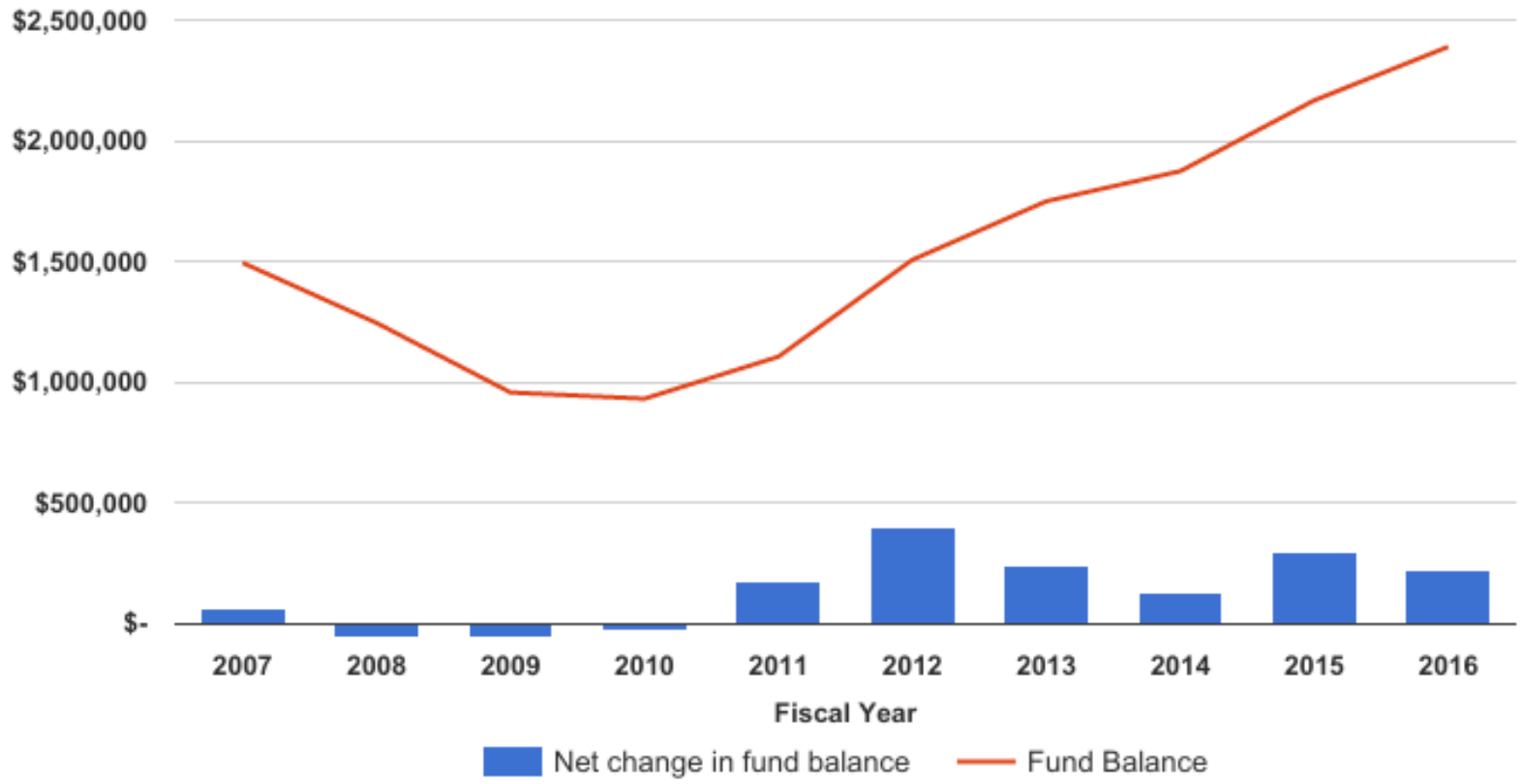
Source: Office of Budget and Planning

General Fund - Fund Balance Trend Chart

Exhibit S-5D

Last Ten Fiscal Years

(dollars in thousands)



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YEAR ENDED SEPTEMBER 30, 2016